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economic analysis of north american ski areas 1984-85 season

NSAA

Business Research Division
Graduate School of Business Administration
University of Colorado
Boulder, Colorado

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NATIONAL SKI AREAS ASSOCIATION

ECONOMIC ANALYSIS OF NORTH AMERICAN SKI AREAS

by
C.R. Goeldner, T.A. Buchman, and C.E. Guernsey

Business Research Division
Graduate School of Business Administration
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Boulder, Colorado

Price Per Copy - $50.00

Additional copies may be ordered from:

Business Research Division
Campus Box 420
University of Colorado
Boulder, Colorado 80309

ISBN: 0-89478-092-1

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Graduate School of Business Administration
University of Colorado
Boulder, Colorado 80309

ECONOMIC ANALYSIS OF NORTH AMERICAN SKI AREAS
1984-85

EXECUTIVE SUMMARY

This 1984-85 survey is the seventeenth economic report to the ski industry. The data represent ski areas possessing 49 percent of the ski area capacity of the nation (see Table 2). Measured another way, by skier visits, the respondents to this survey reported total skier visits of 24.2 million compared with the 1984-85 NSAA End of Season National Business Survey estimated total of 51.3 million skier visits for the nation. This means the respondents to this survey received 47 percent of the skier visits in the nation in 1984-85. If the balance of the areas had similar experiences the ski industry processed gross revenues of $1.5 billion and provided payrolls of $309 million.

This report follows the format of the previous reports to increase comparability and standardize measurements.

Response

The 1984-85 survey is based on complete and detailed financial data from 117 ski areas, a 4 percent increase from the 1983-84 study.

Profitability

The ski industry recorded an average 7.1 percent operating profit (profit before income tax and interest expense) as a return on Gross Fixed Assets, down from the 7.7 percent in 1983-84, but not as low as the 5.7 percent in 1982-83. Seventy-seven percent of the respondents reported operating profits which is better than the 73 percent in 1983-84. The average before tax profit was $296,103.

Utilization

Utilization was up to 36.9 percent from 34.9 percent in 1983-84. Equivalent days/nights of operation were down to 128 from 133 in 1983-84.

Revenue

Average revenue per skier visit increased 8.1 percent to $17.01. Average total revenue from Table 26 was up 8.8 percent to $4,223,000. This increase was attributable to an increase in skier visits, and an increase in the revenue per visit.

Average adult weekend day ski lift ticket prices were up 6.4 percent to $18.68.

Expenses

Cash operating costs averaged $4.82 per skier capacity per equivalent operating day/night. This critical measure is up 15.3 percent from the $4.18 of 1983-84 and is also above the $4.52 of 1982-83. The cash operating costs increase of 15.3 percent coupled with the increase of 8.1 percent in revenue per skier visit resulted in a slight decline in results this year for many areas.

Highlights At a Glance

	1984-85 Respondents (000)	By Profitability Top Half (000)	Bottom Half (000)	Loss (000)
Gross Fixed Assets	$9,848	$10,847	$8,726	$10,052
Total Gross Revenue	6,225	8,708	4,875	4,335
Less: Operating Expenses	5,528	7,054	4,396	4,872
Operating Profit (Loss)	697	1,654	479	(537)
Less: Interest	401	450	333	429
Profit (Loss) Before Tax	$ 296	$ 1,204	$ 146	$ (966)
Number of Respondents	(117)	(45)	(45)	(27)

Summary

While skier visits rose nationally to a record level of 51.4 million in the 1984-85 season the economic performance was not quite as good. The 1984-85 ski season can best be described as a solid one. It was outstanding for the West which pulled industry averages up. As mentioned above industry skier visits rose to a record 51.4 million, 77 percent of the respondents reported operating profits, average area profits were up slightly over 1983-84, utilization was up, revenue was up, and the average revenue per ski visit increased. However, operating expenses were up substantially and operating profit on GFA (7.1 percent) was down slightly in comparison with the 1983-84 season.

The Southeast was a victim of warm weather and little snowfall and suffered a substantial decrease in skiers. The Pacific-Northwest region which suffered a loss in the 1983-84 season reversed that performance in 1984-85. The Northern Rockies continued to record losses, and the East and Ontario region moved from profitability in 83-84 to a loss position in 84-85. The New England, Midwest, Central Rockies, and California and Nevada continued to record profits. The performance of the California and Nevada region was particularly impressive.

THE SKI AREA DOLLAR

Table A and the following pie charts illustrate the sources and uses of the ski area customer's dollar for the 1984-85 season.

TABLE A

THE SKI AREA DOLLAR

	1984-85 Season	1983-84 Season	1982-83 Season	1981-82 Season	1980-81 Season
What It Buys					
Ski Lift Tickets	$0.51	$0.51	$0.57	$0.54	$0.52
Ski Lessons	.06	.06	.06	.05	.05
Food and Beverages	.11	.10	.10	.10	.10
Ski Equipment and Clothing	.04	.04	.03	.03	.04
Rental of Equipment	.03	.03	.03	.03	.04
Miscellaneous (Winter)	.05	.04	.05	.05	.05
Summer Services[a]	.08	.09	.08	.09	.07
Real Estate	.12	.13	.08	.11	.12
	$1.00	$1.00	$1.00	$1.00	$1.00
What It Pays For					
Labor (Payrolls)[b]	$0.24	$0.24	$0.26	$0.25	$0.23
Utilities, Supplies, Maintenance, etc.[c]	.17	.17	.18	.18	.23
Cost of Goods Sold	.13	.14	.10	.09	.12
General and Administrative	.11	.11	.13	.09	.11
Depreciation	.11	.11	.11	.09	.10
Interest	.06	.07	.07	.06	.06
Advertising/Marketing	.05	.04	.05	.04	.04
Insurance	.03	.02	.03	.02	.03
Land Use Fees	.02	.02	.02	.02	.02
Property and Other Taxes	.02	.02	.03	.02	.02
Miscellaneous	.02	-	-	-	-
Income Taxes (50%)	.02	.03	.01	.07	.02
Profit (50%)	.02	.03	.01	.07	.02
	$1.00	$1.00	$1.00	$1.00	$1.00

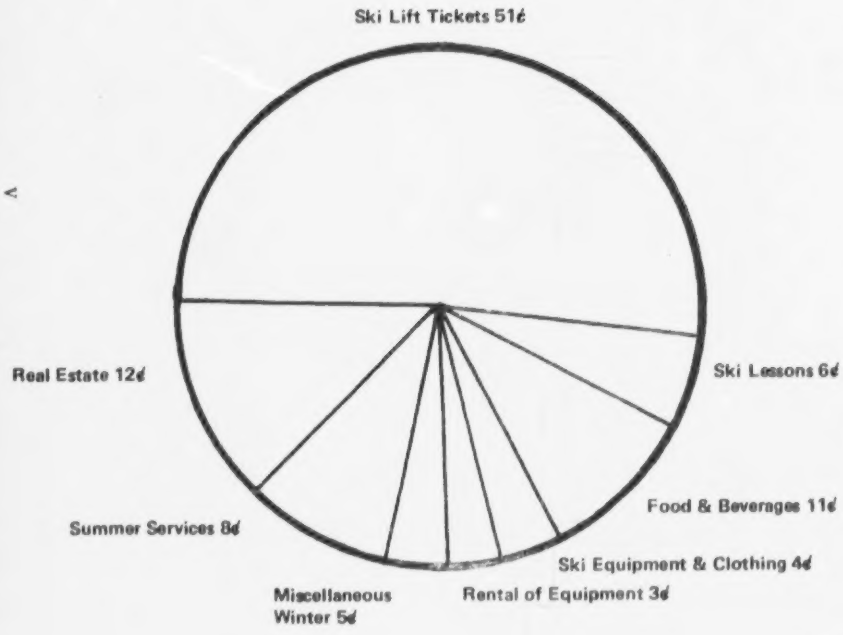
[a] Includes summer season plus utility department and miscellaneous.

[b] Includes direct labor, snowmaking labor and payroll taxes.

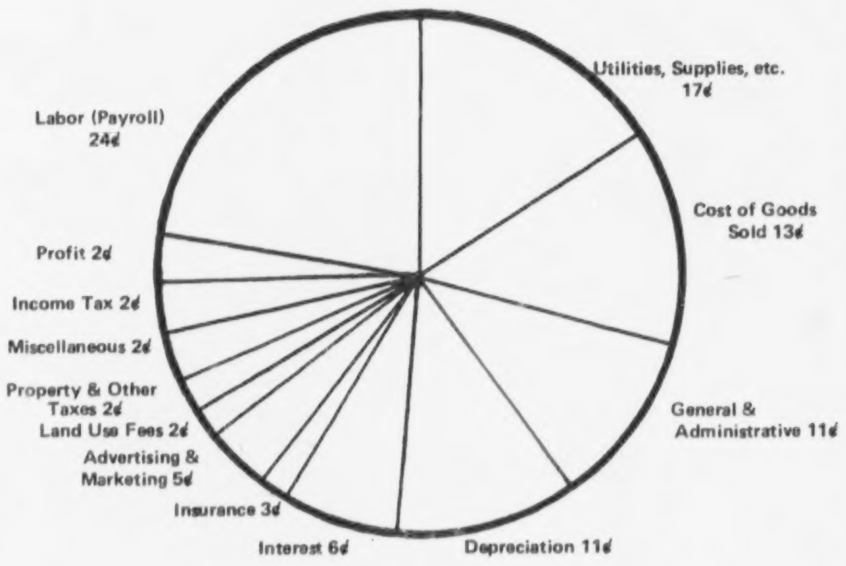
[c] Includes other direct property operations, snow removal, and snowmaking–power, maintenance, other.

THE SKI AREA DOLLAR
1984-85

What It Buys



What It Pays For



COMMENTS FROM AROUND THE COUNTRY

NATIONAL SKI AREAS ASSOCIATION

Cal Conniff, President

Skier visits nationally rose to a record level of 51.4 million in 1984-85, a narrow margin over the near record level of 50.6 million obtained in the 1983-84 season. The 1984-85 ski season was a solid one for most parts of the country, record-breaking in parts of the West, while down in skier visits in the East and Midwest. The Southeast, a victim of warm weather and little snowfall, suffered the most substantial decrease in skiers. The West reported excellent snowfall and ideal conditions most of the time, attracting record-breaking crowds in many states, and contributing largely to the record 51.4 million skier visits recorded nationwide.

The 1984-85 figures clearly show that the combination of good snow coupled with pleasant weather conditions will turn out skiers in record numbers. It also shows that skiers have become more discriminating as to when and where they will spend their "recreation dollars." More than ever they want value, good conditions, a variety of well managed facilities, and all important customer service. We have a strong skier market when we can deliver the goods.

In preparation for the 1985-86 season a record 209.8 million dollars was spent on expansion and improvement projects at our nation's skiing facilities. Most of this went toward new or replacement high capacity ski lift systems, snowmaking, and additional acres of slopes and trails. The industry appears to be going into a "period of retrofitting," with aging lifts gradually being replaced with a new generation of high capacity people movers.

VERMONT

George Donovan, Chief of Research, Division of Research and Statistics, Agency of Development and Community Affairs, Montpelier, Vermont.

A major snowstorm blanketed the state during the first week of December, but warm weather and rain limited skiing between Christmas and New Year's. Snow and cold weather followed, leading to a record high day with over 100,000 skiers on Sunday, February 17. February set a record monthly total for the second consecutive year with an estimated 1.19 million skier-days. The total number of alpine skier-days is estimated at 3.85 million, some 7 percent less than the previous season with a record 4.15 million. Skier expenditures are estimated at $217 million compared to $230 million in 1983-84. Out-of-staters spent about $66.50 per day, stayed an average of 3 days, and averaged 3 persons per trip.

The following table details attendance, expenditures, origins, lifts, and snowfall.

Season	Estimated Annual Skier Expenditures	Estimated Skier Days	Average Expend. per Skier Day
1976-77	$ 80,000,000	3,000,000	$26.70
1977-78	115,000,000	3,600,000	32.00
1978-79	109,000,000	3,200,000	34.00
1979-80	84,000,000	2,100,000	40.00
1980-81	120,000,000	3,100,000	39.00
1981-82	200,000,000	4,000,000	50.00
1982-83	165,000,000	3,000,000	55.00
1983-84	230,000,000	4,150,000	55.50
Vermonters	16,000,000	850,000	19.00
Out-of-Staters	214,000,000	3,300,000	64.50
1984-85	217,000,000	3,850,000	56.50
Vermonters	17,000,000	850,000	20.00
Out-of-Staters	200,000,000	3,000,000	66.50

SOUTHEASTERN SKI AREAS ASSOCIATION

Reba S. Moretz, Secretary/Treasurer

In terms of total skier visits and total days of operation, the 1984-85 ski season was an off year for virtually all of the Southeastern ski areas. Only one ski area reported an increase in skier visits, while the rest reported decreases of 5 percent to 40 percent. Four of the twenty-two ski areas in the Southeastern Ski Areas Association opened in November. These areas had a strong turnout of skiers over the Thanksgiving holidays and during the first week in December. After several more ski areas opened in early December, the South experienced a 14-day warm spell during which no one could make snow. After a very brief cold spell, there was more warm weather for the ten days following Christmas.

Most of the ski areas in the southeast were closed Christmas week and by December 31 everyone was closed. Many areas lost *all* of their snow before reopening January 6, 1985. At least 10 ski areas did not open for the first time until January.

After the first week in January, every area enjoyed exceptionally heavy traffic until the second or third week in February. The weekend of Presidents Day was regarded as a record turnout for that weekend, and was also the best weekend of the year for many ski areas.

Skier traffic dropped considerably the last week in February and was very slow in March due to warm weather. Most ski areas closed during the first two weeks in March, although three of the West Virginia areas remained open through late March or early April.

The 1984-85 ski season was one of the shortest seasons in recent history in the southeast, but ski area operators were encouraged by the significantly larger number of skiers per day during the five to six week period in late January and early February.

MIDWEST SKI AREAS ASSOCIATION

Stuart Campbell, President

The season of 1984-85 was yet another in a string of winters with bizarre temperature extremes and poor snowfall. In spite of the fact that the snowfall totals were near average, the natural snow melted quickly, or fell at inopportune times, such as late in the season. An extremely warm holiday season and late start were followed with a period of bitter cold in late January and on into February. The season closed rapidly after the President's holiday because of waning interest and once again too warm temperatures. Psychologically, the weather roller coaster of warm to bitter temperatures took its toll on interest in all outdoor activities. Combined with the lack of snowfall, all of the ingredients for a disaster season were present. Some areas did suffer greatly. However, for the most part, Midwestern ski areas continued to enjoy minimally adequate crowds. Once again, not enough praise can be voiced for the excellent snowmakers and their snowguns! The greatest snowfall occurred middle to late March when it was much too late to pick up an already slumping skier turnout. The overall assessment on a 1 to 10 scale is from a 3 to a 7 with an average of 5 to 6 for the majority of ski areas.

COLORADO SKI COUNTRY USA

Robert Knous, President

A total of 9,041,000 skier day visits were recorded at the 34 ski resorts comprising Colorado Ski Country USA during the 1984-85 ski season. This figure, which registered a 4.9 percent increase over the previous record year, enabled Colorado Ski Country USA to register its third record-breaking season in a row. This past season was marked by excellent early snowfall, increased competition by airline carriers into Denver's Stapleton International Airport, a strong presidential holiday weekend in February and an excellent March when numerous schools, colleges and universities experienced spring vacation. The numbers might have been even more impressive had it not been for a prolonged cold spell, not only in Colorado but across the country, in the month of January, and the fact that Easter was two weeks earlier than 1984. The success of the 1984-85 season set the stage for over $130 million in capital improvements in preparation for a fourth record-setting year in 1985-86.

SKI UTAH

Danny Richardson, President

For the third straight year, Utah set a new record for skier days, topping the 2.5 million skier day mark for the first time. Extremes in weather and snowfall played an important role throughout the season. Recording the earliest regular opening day in Utah history was made possible by a wealth of early snow, followed by the nationwide cold spell in late January/early February. The season ended with the best Spring skiing in years, with a warm, dry April.

Utah has recognized the importance of skiing to the state's economy (a $326 million industry in 1983-84) with increased expenditures through the Utah Travel Council for winter advertising and by introducing a new state license plate proudly proclaiming "Ski Utah–The Greatest Snow on Earth!"

The 1985-86 ski season promises to be a banner year, with new marketing strategies, increased air service for key markets, and attractive air fares into Salt Lake City. Utah skiing again shows growth in facilities that exceeds skier day growth with a 7 percent addition to total chairlift capacity in the state.

PACIFIC NORTHWEST SKI AREAS ASSOCIATION

Mel Borgersen, Executive Director

Most ski areas in the Pacific Northwest experienced the best skiing and highest performance in their history during the 1984-85 winter season.

Skier visits exceed all previous years:

State	Number Areas Reporting	Skier Visits (000)		Change	
		1983-84	1984-85	Amount	Percent
Washington	10	1,320	1,579	259	19.6%
Oregon	8	1,070	1,235	165	15.5
Western Idaho	3	350	385	35	9.8
Total	21	2,740	3,199	459	16.7

Favorable weather brought early and adequate snow coverage for all ski areas. Temperatures were low and clear skies provided excellent skiing conditions. There were few weekend storms and no serious road closures on the mountain passes.

The number of days open to the public for skiing did not change materially for the individual ski areas. The largest number of operating days were 178 in Washington, 241 in Oregon and 159 in Idaho.

Many ski areas participated in the S.I.A. "Skiing Is Believing" program. Reports from ski areas involved ranged from poor to very good.

SIERRA SKI AREAS ASSOCIATION

Bob Roberts, Executive Director

God, in her wisdom, munificently provided the mountains of California and Nevada with near perfect snow conditions. Five major storms provided excellent snow conditions throughout the Sierra and mountains of Southern California. Only a warming trend in late March and April marred Mother Nature's attempt at a perfect season.

With good snow and clear roads, all resorts reported solid attendance. Although the cumulative total exceeded a record 7 million skier visits, most areas did not have record years. The prevailing question was: Given the excellent conditions, why didn't more people come to our party?

The industry's answer is a new aggressive, collective marketing program. California is clearly one of the world's stronger ski markets. The folks in the Sierra are out to protect their turf.

BRITISH COLUMBIA

George McKay, Coordinator of Ski Development, Province of British Columbia, Canada

The 1984/85 ski season achieved new records in skier visits, gross revenues and lift revenues. Total skier visits for British Columbia are estimated by the Canada West Ski Areas Association (CWSAA) to be 2,716,200, up 324,500 from last year's total of 2,391,700. This suggests that it was a year where the industry did very well with major gains in some of the large areas and all regions except the Kootenays and the Rockies. The smaller areas continue to do a reduced business.

Proposed capital investment in 1985 amounts to $11,959,000 and major projects are anticipated at Tod, Silver Star, Fernie, Blackcomb, Apex Alpine, and Powder King.

The average season for 1984/85 was almost 154 days, as many areas stayed open until the end of April or later. Utilization was 21 percent, down marginally from 22 percent last year, due at least in part, to the longer season. Estimated 1984/85 lift revenues were $30,312,000. Gross revenues this year were $50,104,000 for 20 areas.

The reported average lift revenue per skier visit was $11.32 and the average reported gross revenue per skier visit equaled $19.22; both increased over last year.

Employment was up with 407 year-round employees, 2,243 full-time winter employees and 996 winter part-time employees. With continued development and more summer business, these numbers will increase.

PREFACE

The Business Research Division is pleased to present another edition of the NSAA Economic Analysis of North American Ski Areas in its tourism and recreation report series. The reader will find this study, covering the 1984-85 season, has followed the format of the previous reports for ease in comparison.

The 1984-85 ski season was excellent as skier visits rose to a record level of 51.4 million, a narrow margin over the near record level of 50.6 million recorded in the 1983-84 season. Readers are urged to utilize the 1984-85 data in conjunction with previous studies to obtain a realistic picture of the industry over time.

The Economic Study Committee again asked the ski areas to identify themselves on the questionnaire, which made it possible to have a more efficient follow-up. Calls to areas for small bits of missing financial data enabled us to utilize the majority of the questionnaires, compute ratios, and do other types of analysis, which are not possible when any key data elements are missing. Also, only areas that provided 12-month financial data were included so comparisons would be as meaningful and consistent as possible. The survey response resulted in 117 areas providing complete financial data.

Any comments, questions or suggestions for improvement of the survey should be directed to Charles R. Goeldner, Director, Business Research Division, University of Colorado, Campus Box 420, Boulder, Colorado 80309, or Dennis Harmon, Aspen Skiing Company, P.O. Box 1248, Aspen, Colorado 81612.

ACKNOWLEDGMENTS

This study would not have been possible without the help of many parties. Acknowledgment is made to the NSAA Economic Study Committee: Dennis Harmon, Aspen Skiing Company, Chairman; Curtis Bender, Colorado Mountain College; Mel Borgersen, Pacific Northwest Ski Areas Association; David L. Carto, Snow Trails; Cathy Cummings, NSAA; Chris Diamond, Mount Snow; Rob Fernald, Sno-engineering; Marvin Kottke, University of Connecticut, and George McKay, British Columbia Ministry of Industry and Small Business Development, for their assistance with the development of the survey and its subsequent analysis. While all contributed, special mention goes to Cathy Cummings and Cal Conniff for handling administrative details.

A special tribute goes to Tom Buchman, Cindy Guernsey and Karen Duea for their efforts in preparing the report. Many thanks go to Nancy Cress, Gin Hayden, and Dennis Yannutz of the Business Research Division staff for their efforts in making computer runs, constructing tables, typing, and printing against extremely tight deadlines.

Finally, our thanks go to the 117 ski area operators who furnished complete financial data, for without their participation the study would not exist.

C. R. Goeldner, Director
Business Research Division

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I

INTRODUCTION

This economic analysis of the ski industry represents the seventeenth survey of the National Ski Areas Association (NSAA) members. Historically the first study was conducted by Sno-engineering, Inc. and reported data for the 1965-66 and 1966-67 seasons. It was followed by the Case and Company study which covered the 1967-68 season. These studies were followed by three United Bank of Denver studies covering the 1970-71, 1971-72, and 1972-73 seasons. In 1974 the Business Research Division, University of Colorado, was assigned responsibility for the study and produced the sixth through the sixteenth studies covering the 1973-74 through 1983-84 seasons. Consequently, this report focusing on the 1984-85 season represents the seventeenth effort. The survey was conducted by the Business Research Division in cooperation with the Economic Study Committee of NSAA.

Purpose and Objectives

The purpose of the annual survey is to measure and describe ski industry physical and economic characteristics; to create financial yardsticks and economic ratios having a bearing on health, growth and profitability; and to present a picture of the financial performance of the ski industry.

Specific objectives are:

1. To allow ski area operators and others to examine the performance of the industry for the 1984-85 season.
2. To allow individual ski areas to compare their performance to appropriate industry norms and benefit from the experience of others.
3. To improve understanding of ski area economics.
4. To provide a historical perspective.
5. To assist in the planning process.

Methodology

The methodology utilized in the study was the mail survey method. A questionnaire was distributed to both NSAA member and non-member ski areas in July 1985. Follow-up action included additional mailings and telephone calls from Economic Study Committee members and the

Business Research Division staff. Assistance was also provided by NSAA headquarters and regional ski area associations in an effort to gain cooperation and participation.

The questionnaire contained 17 questions concerning various factual characteristics; one open-end question; and itemized requests for revenue, expense, profit (loss) and balance sheet data pertaining to the 1984-85 ski season. A copy of the questionnaire is contained in Appendix B.

Completed questionnaires were coded, key-punched and summarized using the Statistical Package for the Social Sciences (SPSS) program on the University of Colorado's Cyber 172. In cases where tables in the report do not add to 100 percent, it is due to rounding.

Sample Response and Validity

The survey contained information on both area characteristics and financial data. Table 1 shows the geographic breakdown of the 117 areas furnishing complete data.

TABLE 1

GEOGRAPHIC LOCATION OF RESPONDENTS

	Number		Number
New England		Central Rockies	
Maine	1	Colorado	16
Massachusetts	4	New Mexico	5
New Hampshire	7		21
Vermont	7		
Quebec, Canada	3	Northern Rockies	
New Brunswick, Canada	1	Idaho	3
	23	Montana	4
		Utah	3
East		Wyoming	1
New York	7		11
North Carolina	1		
Pennsylvania	5	California and Nevada	
West Virginia	1	California	14
Ontario, Canada	2	Nevada	4
	16		18
Midwest			
Illinois	1		
Indiana	1		
Iowa	1		
Kentucky	1	Pacific Northwest	
Minnesota	1	Alaska	1
Michigan	5	British Columbia, Canada	4
Ohio	1	Idaho	1
South Dakota	1	Oregon	3
Wisconsin	2	Washington	5
	14		14

Usable responses were obtained from 117 ski areas. The 117 areas providing complete financial data represent an increase from the 1983-84 study, which included 113 ski areas. Table 2 compares the VTF/Hour of our respondents to the total VTF/hour of the regions.

TABLE 2

SAMPLE RESPONSE BY CAPACITY
(000)

Region	Total VTF/Hour	Sample VTF/Hour	Percent Response
New England	309,381	144,873	46.8%
East	254,606	69,650	27.4
Midwest	138,110	35,079	25.4
Rockies	516,790	302,839	58.6
West	418,370	255,000	61.0
	1,637,257	807,441	49.3%

Table 3 provides a measure of the validity of the 1984-85 study response by comparing capacity represented with the 1983-84 responses. The 113 ski areas with complete financial data in the 1983-84 study reported 787,951,000 VTF/hour and represented some 51.2 percent of total. The 1984-85 response represents 807,441,000 VTF/hour, about 49 percent of total capacity.

TABLE 3

CHANGE IN EFFECTIVE RESPONSE
1984-85 VS. 1983-84
(000)

Region	1984-85 (VTF/Hour)	1983-84 (VTF/Hour)	Percent Change
New England	144,873	140,084	3.4%
East	69,650	72,047	- 3.3
Midwest	30,864	24,767	24.6
Rockies	302,839	300,192	0.9
West	259,215	250,861	3.3
	807,441	787,951	2.5%

Limitations

The most important limitation is that the study does not include all ski areas. While a response by ski areas containing some 49.3 percent of the uphill skier capacity in the nation is excellent, it may or may not be representative of the industry. Therefore, the data can accurately be interpreted as applying to only the 117 areas that responded. These areas are listed in Appendix A.

The authors believe that response was good due in large part to the acceptance of the past studies, follow-up efforts, and increased awareness of the practical value of the data. Nonrespondents, however, could be weighted heavily by loss operations or by small operators who do not have a great interest in the study.

How to Use the Study

An understanding of the terms is essential to a proper understanding of the report. Definitions are included in Appendix C and the reader is urged to familiarize himself with these specifics prior to delving into the report.

Individual ski areas will benefit from conducting a comparative analysis. Most tables contain a column where ski areas may insert the data supplied on their questionnaires and relate their experience to the appropriate average figures. First, fill in your figures. Second, compute your critical financial ratios. Third, complete proportional analyses (percentages) based on both total revenue and gross fixed assets. Finally, with these measures compared to one or more of the appropriate geographic, size or profitability breakdowns, analyze your strengths and weaknesses. In general, concentrate on areas where your operations differ significantly from the averages.

A significant difference need not dictate a change; however, it does flag an area that requires your attention to either adequately rationalize the departure from the norm or to focus on methods of reducing the expense, increasing the revenue, or increasing the utilization.

Organization

The report is divided into ten chapters. General ski industry characteristics and trends over the past studies are contained in Chapter II. Ski area financial performance is covered in Chapter III. Chapter IV deals with the critical financial ratios. The details of profitability are discussed in Chapter V. Chapter VI discusses the various departments, their contribution and employment. Regional characteristics and differences are discussed in Chapter VII, while Chapter VIII contains a description of the industry broken down by type (day, weekend, vacation and weekend only), size and days of operation. Chapter IX discusses the characteristics of ski areas with snowmaking and those with night operations. Chapter X concludes the study by presenting the results of the open-end question dealing with 1984-85 season highlights.

The report contains four appendices. Appendix A lists the ski areas that responded to the survey, Appendix B presents the questionnaire used, Appendix C defines the terms used in the study, and Appendix D lists the members of the NSAA Economic Study Committee.

II

SKI INDUSTRY CHARACTERISTICS

Ski areas were asked 17 questions concerning factual characteristics about their operation. These characteristics are summarized in Table 4. Similar tables summarize these significant parameters by various geographic locations, size, profitability, type, days of operation, snowmaking, and night operation breakdowns in subsequent chapters.

The purpose of gathering this information was to examine industry characteristics and explore similarities and differences in an attempt to develop parameters to describe success or failure. Significant findings are discussed in this chapter.

VTF/Hour

The average ski area contained 6,901,203 vertical transport feet per hour of uphill capacity, capable of comfortably handling crowds of 4,296 skiers. Average VTF/hour was down slightly from the areas responding last year, which means there was a greater relative response from smaller areas for this survey. Figures shown in Table 2 (page 3) were developed from the 24th Annual Survey of New Lifts (*Ski Area Management*, January 1985) and indicate a growth of 98,780,000 VTF/hour, an increase of 6.4 percent over the VTF/hour in 1983-84.

Table 5 contains a comparison with previous studies. Ski areas in the 1984-85 study varied in size from a low of 660,000 VTF/hour to a high of 32,451,000 VTF/hour.

Gross Fixed Assets (GFA)

Size is also measured in Gross Fixed Assets, the total undepreciated cost to create the ski area. Average GFA is $9,847,590 representing an average cost of $2,292 for each skier accommodated daily. (Defined in the economic ratio section as the Capital Cost/Capacity Ratio.) The smallest ski area responding had GFA of $188,000 while the largest had $76,274,000.

Type

One descriptive method of differentiating ski areas is by markets. Most areas serve a specific functional market while a number will serve more than one. Areas were asked to classify themselves

TABLE 4

AVERAGE SKI AREA CHARACTERISTICS

	1984-85	1983-84	1982-83	1981-82	1980-81	USFS Permittees 1984-85
SIZE						
VTF/Hour (000)	6,901	6,973	6,207	6,159	5,704	8,804
Gross Fixed Assets (000)	$9,848	$9,103	$7,706	$6,740	$5,543	$12,183
Skiable Acres	595	582	557	-	-	915
LOCATION						
Within 50 Miles of SMSA	37%	31%	32%	32%	31%	27%
With 6+ Areas in 1 Hour	32%	28%	29%	34%	29%	29%
New England	20%	18%	15%	17%	19%	10%
East	14%	16%	16%	13%	12%	0%
Midwest	13%	12%	13%	10%	12%	5%
Rockies	27%	29%	30%	33%	33%	45%
West	27%	26%	26%	27%	24%	40%
SITE CHARACTERISTICS						
Number of Beds at Base	1,277	1,336	1,203	1,170	981	2,032
Number of Beds (10 Miles)	4,072	4,214	3,860	4,032	3,801	5,056
With Snowmaking	72%	73%	68%	63%	55%	58%
With a Night Operation	41%	38%	38%	38%	36%	24%
Terrain: Beginner	25%	25%	26%	26%	25%	22%
Intermediate	49%	49%	49%	49%	49%	49%
Expert	26%	26%	25%	25%	26%	29%
BUSINESS CHARACTERISTICS						
Operating With USFS Permit	53%	49%	50%	53%	50%	100%
Engaged in Land Development	39%	34%	32%	37%	39%	31%
OPERATIONAL CHARACTERISTICS						
Average Days/Nights of Operation	128	133	117	130	98	139
Average Peak Day Crowd	4,814	4,466	4,166	4,291	3,785	5,620
Average Skier Visits (000)	219	214	194	207	151	291
Average Age of Ski Areas	26 years	26 years	24 years	23 years	23 years	27 years

TABLE 4 (Continued)

AVERAGE SKI AREA CHARACTERISTICS

	1984-85	1983-84	1982-83	1981-82	1980-81	USFS Permittees 1984-85
ECONOMIC CHARACTERISTICS						
Average Revenue/Skier Visit	$17.01	$15.73	$15.06	$14.40	$12.59	$17.24
Average Lift Ticket Revenue/Skier Visit	$14.45	$13.61	$12.90	$12.46	$10.91	$15.06
Average Adult Lift Ticket Price:						
Weekend	$18.68	$17.55	$16.43	$15.60	$13.81	$18.99
Weekday	$17.15	$15.97	$14.89	$14.29	$12.46	$18.07
Average Night Ticket Price						
Weekend	$10.74	$ 9.62	$ 9.01	$ 8.42	$ 7.83	$10.95
Weekday	$10.21	$ 8.97	$ 8.47			$10.05
Average Adult Season Ticket Price	$ 369	$ 349	$ 325	$ 327	$ 275	$ 415
Average Utilization	37%	35%	38%	40%	42%	38%
Average Profit (Loss) Before Tax (000)	$ 296	$ 290	$ 143	$ 679	$ 112	$ 638
Ratio: Revenue/GFA	43%	43%	42%	53%	40%	46%
Base	(117)	(113)	(118)	(115)	(121)	(62)

TABLE 5

VTF/HOUR CAPACITY

VTF/Hour (000)	1984-85 Number of Areas	1984-85 %	1983-84 Number of Areas	1983-84 %	1982-83 Number of Areas	1982-83 %
Under 2,500	24	20.5	27	23.9%	31	26.3%
2,500 - 3,999	17	14.5	14	12.4	25	21.2
4,000 - 5,499	24	20.5	23	20.4	19	16.1
5,500 - 9,999	31	26.5	28	24.8	22	18.6
10,000 and Over	21	17.9	21	18.6	21	17.8
	117	99.9%	113	100.1%	118	100.0%

as "day," "weekend," "vacation" or "weekend only" types. Classification as a day area is the largest in the East and Midwest, while vacation areas dominate in the Rockies. A higher proportion of the smaller areas are day oriented while the larger are vacation destinations.

Acreage

The average ski area contains 595 acres of developed ski slopes and trails. Currently these 595 acres support crowds of 4,296 skiers, creating an average density of 7.2/acre. Ski areas in the Midwest accommodate skiers at the average density of 11.6/acre, and New England areas at 21.9/acre, while the Western areas vary from 3.9/acre to 7.9/acre. Table 6 summarizes this data.

This year, for the second time, the questionnaire contained a question about total ski area size. The average size is 1,652 acres, the smallest area contained 70 acres and the largest 14,080 acres. Last year the average size was 1,603 acres, the smallest area contained 25 acres and the largest 14,080 acres.

TABLE 6

SKI AREA ACREAGE AND CAPACITY

	Base	Average Skiable Acres	Calculated Capacity (Skiers)	Average Density (Skiers/Acre)
Total Sample	(117)	595	4,296	7.2
USFS Permittees	(62)	915	5,272	5.8
By Profitability				
Top Half	(45)	823	5,106	6.2
Bottom Half	(45)	483	3,898	8.1
Loss	(27)	400	3,609	9.0
By Geographic Region				
New England	(23)	192	4,199	21.9
East and Ontario	(16)	153	2,902	19.0
Midwest	(15)	206	2,339	11.4
Central Rockies	(21)	648	5,124	7.9
Northern Rockies	(11)	1,102	4,266	3.9
California and Nevada	(18)	905	5,631	6.2
Pacific Northwest	(13)	1,355	5,281	3.9
By Type				
Day	(57)	391	3,054	7.8
Weekend	(25)	456	4,259	9.3
Vacation	(35)	1,025	6,346	6.2
Snowmaking Areas				
New England	(22)	198	4,350	22.0
East and Midwest	(30)	184	2,660	14.5
West	(32)	897	5,620	6.3

Location

Geographic Location

Tables 1 and 2 illustrate the geographic dispersion of ski areas responding across the nation. Table 7 shows the proportion of the sample areas by VTF/hour. For example 17.9 percent of the VTF/hour represented in the sample was located in New England.

TABLE 7

LOCATION OF SKI AREAS

Region	VTF/Hour (000)	%
New England	144,873	17.9%
East	69,650	8.6
Midwest	35,079	4.3
Rockies	302,839	37.5
West	255,000	31.6
	807,441	99.9%

Proximity to Metropolitan Areas

Travel is a critical variable to the success of ski areas. With the nation-wide speed limit of 55 miles per hour and a general limit on time for day and weekend outings, proximity to markets has become more important in the 1980s. Table 8 illustrates this critical relationship.

TABLE 8

PROXIMITY TO METROPOLITAN AREAS (SMSAs)

Miles to	Total Sample		Day	Weekend	Vacation
Nearest SMSA	Number	%	%	%	%
0 - 24 miles	19	16.2%	28.1%	4.0%	5.7%
25 - 49 miles	24	20.5	21.1	28.0	14.3
50 - 74 miles	27	23.1	28.1	20.0	17.1
75 - 99 miles	16	13.7	12.3	8.0	20.0
100+ miles	31	26.5	10.5	40.0	42.9
	117	100.0%	100.1%	100.0%	100.0%

Note that 77 percent of the day areas are within commuting distance (75 miles) while a high proportion of the weekend areas require 2 or more hours of driving. Vacation destinations are typically in more remote locations where snow conditions are maximized, because with stays of 7 to 10 days, proximity is not critical.

Proximity to Other Ski Areas

Ski areas tend to be clustered near each other geographically. Part of this trend is due to natural conditions required, the terrain, snow conditions and climate. Part may be conditioned by the existence of regional airports, interstate highway access and the observed behavior of skiers who seek destinations where they may find a variety of skiing experiences. Table 9 illustrates the extent of this clustering.

TABLE 9

PROXIMITY OF COMPETITIVE AREAS

Number of Areas Within 1 Hour Drive	Total Sample Number	Total Sample %	Profitability: Top Profit %	Profitability: Bottom Profit %	Profitability: Loss %
None	19	16.2%	20.0%	15.6%	11.1%
1	20	17.1	20.0%	13.3	18.5
2 - 3	21	17.9	15.6	20.0	18.5
4 - 5	20	17.1	13.3	22.2	14.8
6+	37	31.6	31.1	28.9	37.0
	117	99.9%	100.0%	100.0%	99.9%

As in years prior to last year, the comparison by profitability in Table 9 supports the observation that the highest profitability tends to occur where the greatest clustering seems to create a more attractive package. However, unlike prior years, a large proportion of the loss areas were also in geographic areas having 6 or more ski areas.

Site Characteristics

Lodging Facilities

Ski areas reported lodging capacity both in terms of beds at the base area and within 10 miles. Table 10 summarizes this data. The number of beds at the base ranged from 0 to 34,000.

TABLE 10

SKI AREA LODGING CAPACITY

Number of Beds	At Base Number	At Base %	Within 10 Miles Number	Within 10 Miles %
None	48	41.0%	13	11.1%
1 - 149	15	12.8	12	10.3
150 - 299	15	12.8	7	6.0
300 - 599	6	5.1	17	14.5
600 - 1,199	13	11.1	13	11.1
1,200 - 9,999	16	13.7	39	33.3
10,000+	4	3.4	16	13.7
	117	99.9%	117	100.0%

Ski areas with a large number of beds both at the base and within 10 miles continued to enjoy higher utilization and better profitability.

Snowmaking

Snowmaking capability exists at 72 percent of the respondent areas, down from 73 percent last year. For areas with snowmaking, the average coverage was 104 acres (up from 99 acres in 1983-84) and average operation was 972 hours in 1984-85, up from 840 hours last year.

Terrain

In general, 49 percent of the slopes and trails at ski areas responding are classified intermediate (or more difficult in standard NSAA terminology), while 25 percent are beginner (easiest) and 26 percent expert (most difficult).

Business Characteristics

Site Ownership

Sixty-six percent of the areas responding operate on public land. Forty-three percent are under permit from the U.S. Forest Service, while 9 percent lease state land, and 5 percent other public land. The average USFS permittee reports 88.6 percent of slope transport feet on leased land.

Table 11 illustrates the general pattern of site ownership. As would be expected, land ownership is closely associated with geographic location. Areas located wholly on private land are generally found in the East and Midwest, while areas located partially or wholly on public lands are located in the Rockies or the West.

TABLE 11

SITE OWNERSHIP

Ownership	Total Sample	New England	East	Midwest	Rockies	West
All Private	33.3%	43.5%	93.8%	80.0%	6.3%	0.0%
Public USFS Permit	53.0	26.1	0.0	20.0	87.5	80.6
State Land Lease	9.4	21.7	6.3	0.0	0.0	16.1
Canadian Lease	0.0	0.0	0.0	0.0	0.0	0.0
Other	4.3	8.7	0.0	0.0	6.3	3.2
	100.0%	100.0%	100.1%	100.0%	100.1%	99.9%
Base	(117)	(23)	(16)	(15)	(32)	(31)

Real Estate Operations

Forty-five ski areas (38 percent) responding are engaged in some land development. Interestingly, a larger proportion of eastern areas than western areas report land development activity. See Table 12.

TABLE 12

REAL ESTATE OPERATIONS

	1984-85		1983-84	1982-83
	Number	%	%	%
Engaged in Land Development	45	38.5%	33.6%	32.2%
First Home Residential Sites	20	17.1	13.3	12.7
First Homes	9	7.7	8.0	5.9
Second Home Residential Sites	31	26.5	26.5	22.9
Second Homes	12	10.3	9.7	8.5
Condominium Sites	37	31.6	23.9	22.0
Condominiums	21	17.6	22.1	15.3
Commercial Sites	18	15.4	12.4	12.7
Commercial Buildings	11	9.4	10.6	6.8
Not Engaged in Land Development	72	61.5	66.4	66.1
No Answer	-	-	-	1.7
Base	(117)		(113)	(118)

Operational Characteristics

Years in Operation

The average ski area respondent has been operating for 26 years. Table 13 summarizes ski area age. Six new areas (5.1 percent) have opened within the last five years.

TABLE 13

NUMBER OF YEARS SKI AREAS HAVE BEEN IN OPERATION

Years of Operation	1984-85 Number	1984-85 %	1983-84 Number	1983-84 %	1982-83 Number	1982-83 %
1 - 5 years	6	5.1%	7	6.2%	6	5.1%
6 - 10 years	4	3.4	4	3.5	4	3.4
11 - 15 years	9	7.7	8	7.1	12	10.2
16 - 20 years	15	12.8	18	15.9	23	19.5
21 - 25 years	30	25.6	27	23.9	24	20.3
26 - 30 years	21	17.9	17	15.0	16	13.6
31 - 35 years	5	4.3	7	6.2	7	5.9
36 - 40 years	11	9.4	9	8.0	7	5.9
Over 40 years	16	13.7	16	14.2	19	16.1
	117	99.9%	113	100.0%	118	100.0%

Length of Season

The length of the ski season is generally expressed in number of days/nights of operations and is one of the most critical variables in the success of ski areas. When so high a proportion of costs are fixed (i.e., depreciation, interest, property taxes, and management take some 32 percent of total costs) the longer the season the more opportunity to spread these over a greater revenue base.

The 1976-77 survey contained an upgrading of this vital statistic. Respondents were asked to provide their summary of daily operation in four categories: number of days at full operation, number of days with less than full but more than one-half of your mountain open and skiable, number of days with less than half of your mountain open and skiable, and the number of nights of operation. These breakdowns allowed the calculation of "equivalent" days of operation by weighting each response. Equivalent days of operation is the best estimate of the number of equivalent days that the ski area was fully open and skiable, a more accurate measure of capacity.

The past surveys contained an added adjustment to allow for the generally smaller night operations. Nights of operation were adjusted by the proportion of the ski area covered by lights and thus open for night skiing. In general, those ski areas with night skiing (41 percent) report night skiing capacity at 35 percent of day capacity. Thus, while the average ski area with lights was open 62 nights, this amounts to only 39 "equivalent days/nights" of full capacity operation.

Table 14 summarizes the various results. Table 15 illustrates the wide variation in actual equivalent operating days. The average ski area had an equivalent season that was 98 percent of actual days open (128 days divided by 131 days).

TABLE 14

DAYS/NIGHTS OF OPERATION

	Equivalent 1984-85		Equivalent 1983-84		Equivalent 1982-83	
	Number	%	Number	%	Number	%
Less than 80	15	12.8%	7	6.2%	24	20.3%
80 - 99	11	9.4	11	9.7	20	16.9
100 - 119	22	18.8	21	18.6	17	14.4
120 - 139	25	21.4	29	25.7	26	22.0
140 - 159	23	19.7	21	18.6	12	10.2
160 and Over	21	17.9	24	21.2	19	16.1
Base	117	100.0%	113	100.0%	118	99.9

Again, length of season is somewhat positively correlated with profitability as the top half of the profitable areas had a season, based on equivalent days, that was 18 percent greater than the loss areas. Pacific Northwest ski areas had the longest season, averaging 159 equivalent days/nights (up from last year's 152 days/nights), while the East and Ontario had the shortest, 103 days/nights. Three regions, the Central Rockies, California/Nevada, and the Pacific Northwest, had increases in days/nights of operation, while the New England, East and Ontario, and Midwest areas showed decreases. The Northern Rockies region days/nights of operation remained the same.

TABLE 15

ACTUAL VS. EQUIVALENT DAYS OF OPERATIONS

	Equivalent Days/Nights[a] of Full Operation	Days of Full Operation (100%)	Days of More Than Half (75%)	Days of Less Than Half (25%)	Total Actual Days Open	Nights of Operation (41%)
Average Ski Area	128	89	25	17	131	26
USFS Permittees	139	110	25	14	149	18
Profitability:						
Top	137	96	25	15	137	31
Bottom	127	82	27	19	128	30
Loss	116	89	21	17	127	10
Location:						
New England	109	51	39	38	129	23
East and Ontario	103	51	25	21	96	43
Midwest	117	66	16	11	93	43
Central Rockies	140	126	16	7	148	15
Northern Rockies	143	131	5	1	137	30
California/Nevada	138	99	38	10	147	18
Pacific Northwest	159	120	23	22	165	36
Type:						
Day	125	78	25	14	117	36
Weekend	133	98	19	16	133	28
Vacation	129	100	29	22	151	7

[a] This figure is the sum of days, open at various capacities, plus nights of operation.

Ski Area Capacity

The calculation of ski area capacity is a matter of judgment. The 1975-76 study attempted to establish capacity parameters in several ways in order to test various concepts. This procedure has been used in all surveys since. Total lift VTF/hour is used. Ski area operators were also asked to provide their peak day crowd count plus their estimate of their "comfortable" crowd.

The results are tabulated in Table 16. The "calculated capacity" column is based on an assumed average hourly demand in VTF/hour. This assumption is similar to the past studies and is based on the observation that skiers demand different amounts of skiing based upon their ability level, and further that this demand varies from ski area to ski area and region to region. The demand used to approximate regional experience is:

Geographic Region	Approximate Demand
New England	1,500 VTF/hour
East	1,500 VTF/hour
Midwest	1,000 VTF/hour
Rockies	2,000 VTF/hour
West	1,500 VTF/hour

TABLE 16

MEASURES OF SKI AREA CAPACITY

				Peak Crowd	Comfortable Crowd
	Peak Day Crowd	Comfortable Crowd	Calculated Capacity	As % of Calculated Capacity	
Total Sample	4,814	4,319	4,296	112%	101%
USFS Permittees	5,620	5,174	5,272	107	98
Profitability:					
Top	5,792	5,134	5,106	113	101
Bottom	4,640	4,004	3,898	119	103
Loss	3,475	3,486	3,609	96	97
Location:					
New England	4,746	3,879	4,199	113	92
East	4,702	4,056	2,902	162	140
Midwest	2,551	2,087	2,339	109	89
Central Rockies	6,157	5,821	5,124	120	114
Northern Rockies	4,180	3,734	4,266	98	88
California/Nevada	5,887	5,117	5,631	105	91
Pacific Northwest	4,568	4,960	5,281	86	94
Type:					
Day	3,797	3,317	3,054	124	109
Weekend	4,453	4,191	4,259	105	98
Vacation	6,730	6,043	6,346	106	95

An analysis of Table 16 indicates that these assumptions are in general harmony with ski area operator estimates.

The calculated figures have been used in this study to compute season capacity and determine utilization. The average peak day crowds are 112 percent of calculated capacity. The ski area operators' estimated comfortable capacity is 101 percent of calculated capacity.

Skier Visits

Skier visits is the physical measure of use. Table 17 summarizes skier visits reported over the past four ski seasons.

TABLE 17

SKIER VISITS/SEASON

Skier Visits	1984-85		1983-84	1982-83	1981-82
(000)	Number	%	%	%	%
0 - 24.9	5	4.3%	6.2%	9.3%	8.7%
25 - 49.9	8	6.8	9.7	9.3	7.0
50 - 99.9	23	19.7	19.5	21.2	20.9
100 - 199.9	42	35.9	29.2	28.0	27.8
200 - 499.9	28	23.9	26.5	22.9	26.1
500+	11	9.4	8.8	9.3	9.6
	117	100.0%	99.9%	100.0%	100.1%
Average Skier Visits (000)	219		214	194	207

Growth

The last eight surveys contain a measure of growth. For the ninth time, the respondents were asked for their skier visit count over the past five years. This year, for the third time, respondents were asked for a separate count of day and night skiers. The first part of Table 18 gives the total skier visits (both day and night) reported by the 117 respondents broken down by categories. The second part of the table gives day skier visits and the third part night skier visits for those areas who could provide this breakout.

TABLE 18

GROWTH IN USAGE

		Skier Visits[a]				
	Base	1984-85 (000)	1983-84 (000)	1982-83 (000)	1981-82 (000)	1980-81 (000)
				Total		
Total Sample	(117)	219	209	198	200	151
USFS Permittees	(62)	291	265	268	254	185
By Profitability:						
Top Half	(45)	287	261	253	247	181
Bottom Half	(45)	194	192	178	191	147
Loss	(27)	147	151	138	138	110
By Geographic Region:						
New England	(23)	181	185	136	183	141
East	(16)	145	168	130	159	140
Midwest	(14)	69	71	60	66	60
Central Rockies	(21)	376	359	332	303	217
Northern Rockies	(11)	206	205	209	185	153
California/Nevada	(18)	283	235	288	261	199
Pacific Northwest	(14)	217	188	198	192	117
By Type:						
Day	(57)	146	128	124	120	92
Weekend	(25)	196	191	185	207	154
Vacation	(35)	354	354	327	325	246

TABLE 18 (Continued)

GROWTH IN USAGE

		Skier Visits[a]				
	Base	1984-85 (000)	1983-84 (000)	1982-83 (000)	1981-82 (000)	1980-81 (000)
				Day		
Total Sample	(113)	206	198	189	189	141
USFS Permittees	(59)	285	263	267	252	181
By Profitability:						
Top Half	(44)	268	246	242	228	164
Bottom Half	(44)	177	175	165	176	134
Loss	(25)	146	152	138	143	114
By Geographic Region:						
New England	(23)	170	173	127	171	132
East	(15)	117	138	109	137	120
Midwest	(14)	46	47	37	39	37
Central Rockies	(21)	376	359	332	303	217
Northern Rockies	(11)	199	198	201	179	150
California/Nevada	(16)	288	244	295	277	191
Pacific Northwest	(13)	176	156	182	159	104
By Type:						
Day	(53)	121	105	107	99	73
Weekend	(25)	182	178	173	193	143
Vacation	(35)	352	351	325	322	244
				Night		
Total Sample	(45)	37	38	33	38	29
USFS Permittees	(15)	40	34	42	38	19
By Profitability:						
Top Half	(18)	45	42	38	37	24
Bottom Half	(21)	37	37	31	31	22
Loss	(9)	19	20	16	17	14
By Geographic Region:						
New England	(7)	39	39	31	30	17
East	(12)	47	50	36	39	35
Midwest	(11)	28	29	16	19	17
Central Rockies	(1)	0	1	0	0	0
Northern Rockies	(4)	20	20	20	18	10
California/Nevada	(4)	41	20	44	37	25
Pacific Northwest	(6)	47	48	51	48	17
By Type:						
Day	(32)	39	38	31	30	20
Weekend	(9)	39	36	33	39	30
Vacation	(4)	18	26	22	23	15

[a] Day Skier Visits plus Night Skier Visits will not equal the Total Skier Visits because not all areas provided a day/night breakdown. Night skier visits are only for those areas operating at night who could provide break between day and night skier visits.

The average area in Table 18 reported an increase of 5 percent in skier visits in 1984-85.

The New England, East, and Midwest areas experienced decreases in skier visits. Increases in skier visits were reported in the Central Rockies, Northern Rockies, California/Nevada and the Pacific Northwest. The Central Rockies and Pacific Northwest reported their best performance in five years.

Economic Characteristics

Ski Lift Prices

Respondents were asked to list their adult weekday and weekend all day lift ticket prices. These are typically the highest prices quoted because there are discounts for students, children, military, 3, 5 and 7 day packages, promotions, races and senior citizens. Respondents also provided weekday and weekend night ticket prices and season pass rates. Table 19 summarizes these prices and compares prices with actual average lift ticket revenue per skier visit.

TABLE 19

SKI LIFT TICKET PRICES AND
AVERAGE LIFT TICKET REVENUE/SKIER VISIT

	1984-85	1983-84	1982-83	1981-82
Ski Lift Ticket Price:				
Day Weekend	$18.68	$17.55	$16.43	$15.60
Day Weekday	$17.15	15.97	14.89	14.29
Night Weekend	10.74	9.62	9.01	8.42
Night Weekday	10.21	8.97	8.47	
Season Pass	368.62	348.91	324.96	327.00
Average Ski Lift Ticket Revenue/S-V	14.45	13.61	12.90	12.46
Realized Revenue Vs. Weekend Day Price	77.4%	77.5%	78.5%	79.9%

Table 20 illustrates the range of ski lift ticket prices. Prices ranged from a low of $10.00 to a high of $30.00. Forty-one percent of the ski areas responding charged $20 or more for their lift tickets.

TABLE 20

ADULT, ALL DAY WEEKEND, SKI LIFT TICKET PRICES

Ticket Price	1984-85 Number	1984-85 %	1983-84 %	1982-83 %	1981-82 %	1980-81 %
Less than $10	0	- %	- %	2.5%	0.9%	5.8%
$10.00 - 11.99	1	0.9	4.4	5.1	9.6	12.4
$12.00 - 13.99	7	6.0	6.2	9.3	13.0	23.1
$14.00 - 15.99	17	14.5	17.7	25.4	28.7	32.2
$16.00 - 17.99	24	20.5	24.8	19.5	18.3	14.9
$18.00 - 19.99	20	17.1	15.9	20.3	19.1	9.9
$20.00 - 21.99	22	18.8	18.6	8.5	6.1	1.7
$22.00 - 23.99	12	10.3	7.1	7.6	4.4	-
$24.00 - 25.99	7	6.0	5.3			
$26.00 - 27.00	4	3.4		1.7	-	-
$28.00 and over	3	2.6				
	117	100.1%	100.0%	99.9%	100.1%	100.0%

Profits

Seventy-seven (66 percent) of the 117 ski areas reported profits in 1984-85. Chapter V provides a complete analysis of profitability and its probable causes. Table 21 summarizes dollar returns.

TABLE 21

DOLLARS OF PROFIT (BEFORE TAX)

Profit (000)	1984-85 Number	1984-85 %	1983-84 %	1982-83 %	1981-82 %	1980-81 %
Loss	40	34.2%	36.3%	53.4%	30.4%	54.5%
$0 - 24.9	8	6.8	4.4	5.1	4.4	1.7
$25 - 49.9	2	1.7	0.9	2.5	1.7	7.4
$50 - 99.9	6	5.1	5.3	5.1	4.4	2.5
$100 - 149.9	4	3.4	6.2	2.5	7.8	5.8
$150 - 249.9	12	10.3	7.1	3.4	12.2	4.1
$250 - 349.9	6	5.1	8.0	6.8	5.2	6.6
$350 - 999.9	19	16.2	17.7	10.2	15.7	8.3
$1,000 - 1,999.9	11	9.4	8.8	5.1	9.6	5.8
$2,000 - 9,999.9	9	7.7	5.3	5.9	7.0	3.3
$10,000+	0	0.0	0.0	0.0	1.7	
	117	99.9%	100.0%	100.0%	100.1%	100.0%

Non-Skiing Activities

Table 22 summarizes the variety and extent of other recreational activities offered at ski areas and describes the activities that are offered near the ski area. Ski touring is the most prevalent activity at the area. Swimming and tennis follow at the area. Tennis ranks first nearby, followed by snowmobiles, golf, swimming, ski touring, and ice skating.

TABLE 22

OTHER ACTIVITIES AVAILABLE AT SKI AREAS AND NEARBY

Activity	Total Sample	Day	Weekend	Vacation
	Areas Offering Activity			
Toboggans/sleds	4.3%	1.8%	4.0%	8.6%
Snowmobiles	4.3	0.0	0.0	14.3
Ice skating	12.8	7.0	4.0	28.6
Ski touring	52.1	33.3	68.0	71.4
Golf	17.9	5.3	16.0	40.0
Tennis	29.9	15.8	12.0	65.7
Swimming	34.2	17.5	28.0	65.7
Water sports	7.7	5.3	4.0	14.3
Summer slide	10.3	7.0	16.0	11.4
Other	15.4	8.8	20.0	22.9
	Activity Offered Nearby			
Toboggans/sleds	33.3%	33.3%	40.0%	28.6%
Snowmobiles	63.2	59.6	76.0	60.0
Ice skating	55.6	42.1	76.0	62.9
Ski touring	55.6	59.6	56.0	48.6
Golf	62.4	56.1	72.0	65.7
Tennis	64.1	64.9	76.0	54.3
Swimming	58.1	56.1	72.0	51.4
Water sports	53.8	45.6	68.0	57.1
Summer slide	35.0	26.3	40.0	45.7
Other	15.4	8.8	12.0	28.6

For the third time, respondents were asked to provide information about computer usage at their ski areas (Table 23). Eighty-six percent of the 1984-85 respondents reported use of a computer compared to 82 percent of the 1983-84 respondents. The most popular applications continue to be accounts payable, payroll, and accounts receivable. Popular answers reported under other were general ledger, financial statements, mailing lists, word processing, reservations, inventory, budgets and snowmaking.

Fifty-one different brands or models were mentioned in 1984-85. Several areas also reported using more than one computer. The top computers mentioned were IBM PC (9.4 percent), IBM S34 (8.5 percent), IBM S36 (7.7 percent), and HP 3000 and Apple III (each 3.4 percent).

TABLE 23

COMPUTER USE AND APPLICATIONS

	1984-85		1983-84	
	Number	%	Number	%
Use a computer	101	86.3%	93	82.3%
No computer use	16	13.7	20	17.7
	117	100.0%	113	100.0%
Own computer	91	77.8%	81	87.1%
Timeshare computer	10	8.5	9	9.7
Both	0	0.0	1	1.1
No answer	16	13.7	2	2.1
	117	100.0%	93	100.0%
		Percent of Users		Percent of Users
Applications:				
Payroll	71	70.3%	66	71.0%
Accounts receivable	55	54.5	57	61.3
Accounts payable	75	74.3	71	76.3
Forecasting	44	43.6	39	41.9
Market research	22	21.8	23	24.7
Ticket sales	32	31.7	31	33.3
Other	65	64.4	66	71.0
Base	(101)		(93)	

III

SKI AREA FINANCIAL DATA

Introduction

Each ski area was asked to provide the following financial data on their 1984-85 season: (1) income statement, (2) departmental revenue and expense, and (3) balance sheet. From this information average area financial statements were developed to measure the industry's financial performance. The data summarized here for the 1984-85 season represents 117 ski areas that provided complete usable data representing 12 months of income and expenses. These 117 areas represent an increase from the 113 completely usable questionnaires for 1983-84.

The 117 ski areas represent approximately 47 percent of the ski area capacity in North America. If this relationship were to hold for the balance of the skier visits, then the ski area business in the United States has an investment of some $2.5 billion, processes revenues of $1.5 billion, and has an annual payroll of $309 million.

This chapter first presents the average income statement (Table 24) and the average area lift and revenue expense statement (Table 25) in the traditional format of previous reports. This is followed by an extensive analysis of the income statement in a non-traditional way which the authors believe will be more meaningful to ski area operators. Readers will note that the data are the same except for the revenue figure which has been adjusted because of concession operations to make the data more comparable. Also, this more extensive analysis includes a separate column on the 62 areas in the study operating with a USFS permit.

Average Ski Area Income Statements

Table 26 is the composite-average income statement referred to above. The format is somewhat non-typical due to the varying practices of ski area operators. Total revenue is the total of gross lift department revenue plus gross margin or contributions from all other departments. It is believed that in this manner one can more fairly combine ski areas that have only some of the supporting operations with those who concession them, and thus report only net concession revenue, and those who operate their own schools, shops, restaurants, and real estate business. Details of these supporting operations may be found in Chapter VI.

Table 27 is a summary of gross revenue, concession revenue and direct operating costs. It is included to illustrate how the supporting margins were calculated. The breakdowns shown in Chapter VI are much more accurate for illustrating typical departmental cash flows, since Table 27 includes all areas in the average including those who do not operate such a department. While they are statistically accurate they are non-typical.

TABLE 24

AVERAGE AREA INCOME STATEMENT (000)

	1984-85 Total	1984-85 Season Percent	1983-84 Total	1983-84 Season Percent	1982-83 Season Percent	1981-82 Season Percent
Revenue	$6,225	100.0%	$5,750	100.0%	100.0%	100.0%
Direct Expense						
Direct Labor[a]	$1,243	20.0%	$1,194	20.8%	23.0%	21.6%
Other Direct Expenses[b]	2,118	34.0	1,957	34.0	29.8	28.1
Total Direct Expenses	$3,361	54.0%	$3,151	54.8%	52.8%	49.7%
Gross Margin	$2,864	46.0%	$2,599	45.2%	47.2%	50.3%
Other Expenses						
General & Administrative	$ 694	11.1%	$ 652	11.3%	13.4%	10.0%
Marketing	285	4.6	245	4.3	4.6	4.0
Insurance	155	2.5	126	2.2	2.5	2.0
Forest Service Fees	76	1.2	75	1.3	1.4	1.2
Private Land Rental	22	0.4	22	0.4	0.4	0.3
Property & Other Taxes	141	2.3	130	2.3	2.7	2.2
Interest	401	6.4	415	7.2	6.8	6.4
Depreciation	668	10.7	607	10.6	11.5	8.9
Miscellaneous Expense	126	2.0	37	0.6	0.6	1.2
Total Other Expense	$2,568	41.2%	$2,309	40.2%	43.9%	36.2%
Pre-Tax Profit (Loss)	$ 296	4.8%	$ 290	5.0%	3.2%	14.1%
Base	(117)		(113)		(115)	

[a] Includes direct labor and snowmaking labor.

[b] Includes cost of goods sold, payroll taxes, property operations, snow removal, snowmaking (except labor) and other direct.

TABLE 25

AVERAGE AREA LIFT REVENUE AND EXPENSE (000)

	1984-85 Total	1984-85 Season Percent	1983-84 Total	1983-84 Season Percent	1982-83 Season Percent	1981-82 Season Percent
Lift Revenue						
Winter	$3,164	99.1%	$2,918	99.1%	99.1%	98.8%
Summer	29	0.9%	27	0.9	0.9	1.2
Total	$3,193	100.0%	$2,945	100.0%	100.0%	100.0%
Lift Expense						
Direct Labor (Winter)[a]						
Lift	$ 182	5.7%	$ 176	6.0%	6.4%	6.5%
Ski Patrol	88	2.8	90	3.0	3.2	3.2
Slope Maintenance	70	2.2	70	2.4	2.4	2.5
Maintenance & Repair	98	3.1	105	3.7	4.0	3.7
Ticket Sales	39	1.2	38	1.3	1.5	1.5
Other	40	1.2	35	1.2	1.2	1.6
Total (Winter)	$ 517	16.2%	$ 515	17.5%	18.7%	19.0%
Direct Labor (Summer)	$ 17	0.5%	$ 21	0.7%	0.5%	0.5%
Other Direct Expense	$ 409	12.8%	$ 357	12.1%	8.9%	10.2%
Gross Margin - Lifts	$2,250	70.5%	$2,052	69.7%	71.9%	70.3%
Base	(117)		(113)		(118)	(115)

[a] Does not include payroll taxes.

TABLE 26

AVERAGE SKI AREA FINANCIAL DATA–INCOME STATEMENT

	1984-85 Total (000)	1983-84 Total (000)	% Change	USFS Permittees	Your Ski Area
Gross Fixed Assets	$9,848	$9,103	8.2%	$12,183	$____
Revenue:					
Ski Lift Gross - Winter	$3,164	$2,918		$ 4,375	$____
Ski Lift Gross - Summer	29	27		45	____
Supporting Margin - Winter	630	518		693	____
Supporting Margin - Summer	67	54		(11)	____
Year Round Margin	333	364		439	____
TOTAL REVENUE	$4,223	$3,881	8.8%	$ 5,541	$____
Less:					
Ski Lift Direct Expense	$ 841	$ 819		$ 1,173	$____
Ski Lift Payroll Taxes	101	90		144	____
Property Operation	239	224		255	____
OPERATIONS MARGIN	$3,042	$2,748	10.7%	$ 3,969	$____
Less:					
General & Administrative	$ 694	$ 651		$ 901	$____
Marketing (advertising, public relations, promotion, etc.)	285	245		334	____
Insurance (property, liability)	155	126		205	____
Land Use Fees (public)	76	75		125	____
Land Use Fees (private)	22	22		13	____
Property Taxes	100	79		137	____
Other Taxes (except income)	41	50		43	____
Snowmaking	165	137		126	____
Snow Removal	14	13		20	____
Miscellaneous	125	37		75	____
Depreciation & Amortization	668	607		871	____
OPERATING PROFIT (LOSS)	$ 697	$ 705	- 1.1%	$ 1,119	$____
Less: Interest	401	415		481	____
PROFIT (LOSS) BEFORE TAX	$ 296	$ 290	2.1%	$ 638	$____
Base	(117)	(113)		(62)	

TABLE 27

AVERAGE SKI AREA FINANCIAL DATA–DEPARTMENTAL MARGIN
1984-85

	Plus:		Less:				Equals:
	Gross Sales (000)	Concession Revenue (000)	Cost of Goods Sold (000)	Direct Labor (000)	Direct Other (000)	Payroll Taxes (000)	Gross Margin (000)
WINTER SEASON							
Ski Lift Dept.	$3,164	$ -	$ -	$ 517	$ 297	$ 97	$2,253
Ski School	353	2	-	184	23	33	115
Food Service	510	15	178	135	65	24	123
Bar	143	11	37	19	15	3	80
Retail	241	10	127	25	10	5	84
Rental	214	9	25[a]	41	15	8	134
Accommodations	189	6	-	49	59	11	76
Other	119	1	7	61	23	11	18
Sub-total	$4,933	$ 54	$374	$1,031	$ 507	$ 192	$2,883
YEAR-ROUND							
Real Estate	$ 752	$ 0	$392	$ 37	$ 78	$ 2	$ 243
Utility	24	0	-	8	17	1	(2)
Miscellaneous	124	0	4	6	20	2	92
Sub-total	$ 900	$ 0	$396	$ 51	$ 115	$ 5	$ 333
SUMMER SEASON							
Lift Department	$ 29	$ -	$ -	$ 16	$ 11	$ 4	$ (2)
Food Service	104	1	38	43	16	6	2
Retail	26	1	16	5	3	1	2
Sports	40	0	-	14	11	3	12
Accommodations	81	0	-	24	22	5	30
Slide	31	0	0	8	3	2	18
Other	24	0	3	8	9	1	3
Sub-total	$ 335	$ 2	$ 57	$ 118	$ 75	$ 22	$ 65
TOTALS	$6,168	$ 56	$827	$1,200	$ 697	$ 219	$3,281
Base	(117)	(117)	(117)	(117)	(117)	(117)	(117)

[a] Represents retirement and replacement of rental equipment.

This format also differs slightly by showing an "operating profit (loss)" before subtracting interest expense. It is believed that this figure compared to gross fixed assets is one of the best overall measures of industry profitability. Interest expense varies from zero to $5.8 million, and while it is a critical and significant cost of doing business it is also viewed as a part of the cost of capital. Some areas are subsidiaries of larger corporations, some beneficiaries of public funding, and many carry an added burden of past operating losses. A fair assessment of current operations requires both an analysis of before tax and before interest return on GFA, and profit as a percent of equity.

Tables 28 and 29 provide comparisons between expenses, revenues and investment (Gross Fixed Assets). One generally uniform factor involves the depreciation to Gross Fixed Assets of around 7 percent, or 15 years average life.

Revenue

Average revenue as shown in Table 26 was up 8.8 percent. A check of the 1984-85 results using the revenue to GFA vs. utilization rule developed in the 1974-75 report shows the following:

	Total Revenue to GFA		Percent Utilization		Factor	Judgment
All Ski Areas	43%	÷	37%	=	1.16	Good
Top Half Profit	54%	÷	40%	=	1.35	Excellent
Bottom Half Profit	40%	÷	36%	=	1.11	Good
Loss	26%	÷	32%	=	.81	Poor

This rule of thumb measure summarizes all of the critical economic variables (capacity, utilization, length of season, revenue per skier visit) and relates them to investment. When the revenue/GFA ratio exceeds utilization, the various factors are in balance. When utilization exceeds the revenue/GFA ratio one or more factors are impairing a ski area's ability to make profits commensurate with the risks. This factor analysis is derived from the income potential to capital cost (GFA) ratio used to evaluate the conceptual feasibility of a new or expanded ski area.

TABLE 28

AVERAGE SKI AREA FINANCIAL DATA–INCOME STATEMENT
PERCENT OF REVENUE

	1984-85 Total	1983-84 Total	1984-85 USFS Permittees	Your Ski Area
Revenue:				
Ski Lift Gross - Winter	74.9%	75.2%	79.0%	______ %
Ski Lift Gross - Summer	0.7	0.7	0.8	______
Supporting Margin - Winter	14.9	13.3	12.5	______
Supporting Margin - Summer	1.6	1.4	(0.2)	______
Year Round Margin	7.9	9.4	7.9	______
TOTAL REVENUE	100.0%	100.0%	100.0%	100%
Less:				
Ski Lift Direct Expense	19.9%	21.1%	21.2%	______ %
Payroll Taxes	2.4	2.3	2.6	______
Property Operation	5.7	5.8	4.6	______
OPERATIONS MARGIN	72.0%	70.8%	71.6%	______ %
Less:				
General & Administrative	16.4%	16.8%	16.3%	______ %
Marketing (advertising, public relations, promotion, etc.)	6.7	6.3	5.9	______
Insurance (property, liability)	3.7	3.2	3.7	______
Land Use Fees (public)	1.8	1.9	2.3	______
Land Use Fees (private)	0.5	0.6	0.2	______
Property Taxes	2.4	2.0	2.5	______
Other Taxes (except income)	1.0	1.3	0.8	______
Snowmaking	3.9	3.5	2.3	______
Snow Removal	0.3	0.3	0.4	______
Miscellaneous	3.0	1.1	1.3	______
Depreciation & Amortization	15.8	15.6	15.7	______
OPERATING PROFIT (LOSS)	16.5%	18.2%	20.2%	______ %
Less: Interest	9.5	10.7	8.7	______
PROFIT (LOSS) BEFORE TAX	7.0%	7.5%	11.5%	______ %
Base	(117)	(113)	(62)	

TABLE 29

AVERAGE SKI AREA FINANCIAL DATA–INCOME STATEMENT PERCENT OF GROSS FIXED ASSETS

	1984-85 Total	1983-84 Total	1984-85 USFS Permittees	Your Ski Area
Gross Fixed Assets	100.0%	100.0%	100.0%	100.0%
Revenue:				
Ski Lift Gross - Winter	32.1%	32.1%	35.9%	________ %
Ski Lift Gross - Summer	0.3	0.3	0.4	________
Supporting Margin - Winter	6.4	5.7	5.7	________
Supporting Margin - Summer	0.7	0.6	(0.1)	________
Year Round Margin	3.4	3.9	3.6	________
TOTAL REVENUE	42.9%	42.6%	45.5%	________ %
Less:				
Ski Lift Direct Expense	8.5%	9.0%	9.6%	________ %
Payroll Taxes	1.0	1.0	1.2	________
Property Operation	2.5	2.4	2.1	________
OPERATIONS MARGIN	30.9%	30.2%	32.6%	________ %
Less:				
General & Administrative	7.0%	7.2%	7.4%	________ %
Marketing (advertising, public relations, promotion, etc.)	2.9	2.7	2.7	________
Insurance (property, liability)	1.6	1.4	1.7	________
Land Use Fees (public)	0.8	0.8	1.0	________
Land Use Fees (private)	0.2	0.2	0.1	________
Property Taxes	1.0	0.9	1.1	________
Other Taxes (except income)	0.4	0.5	0.4	________
Snowmaking	1.7	1.5	1.0	________
Snow Removal	0.1	0.1	0.2	________
Miscellaneous	1.3	0.5	0.7	________
Depreciation & Amortization	6.8	6.7	7.1	________
OPERATING PROFIT (LOSS)	7.1%	7.7%	9.2%	________ %
Less: Interest	4.1	4.5	4.0	________
PROFIT (LOSS) BEFORE TAX	3.0%	3.2%	5.2%	________ %
Base	(117)	(113)	(62)	

The 1984-85 ratio of revenue to GFA (43 percent) is the same as the 1983-84 figure. This subject is discussed in more detail in Chapter V.

Expenses

Direct operating expenses (ski lift direct expense, ski lift payroll taxes, and property operation) were up 4 percent, while revenues increased over 8 percent, so the operating margin increased over 10 percent. (See Table 26.)

Balance Sheet

Balance sheet data is summarized in Table 30. The basic balance sheet data remained unchanged. Working capital is adequate and the current ratio is an adequate 1.3/1.

Table 31 summarizes the traditional measures of business health.

TABLE 30

AVERAGE SKI AREA FINANCIAL DATA–BALANCE SHEET

	1984-85 (000)	Total Percent	1983-84 (000)	Total Percent	USFS Permittees (000)
Assets					
Current Assets	$1,658	17.6%	$1,210	13.3%	$ 2,030
Gross Fixed Assets	10,089	107.0	9,330	103.1	12,183
Less: Depreciation	(3,894)	(41.3)	(3,331)	(36.8)	(4,772)
Other Assets	1,572	16.7	1,837	20.4	2,148
TOTAL ASSETS	$9,425	100.0%	$9,046	100.0%	$11,589
Liabilities & Net Worth					
Current Liabilities	$1,276	13.5%	$1,262	14.0%	$ 1,328
Long-Term Debt	3,359	35.6	3,088	34.1	3,890
Subordinated Debt	815	8.6	642	7.1	686
Deferred Taxes	229	2.4	200	2.2	332
Other Liabilities	354	3.8	386	4.2	574
Net Worth					
Invested	1,962	20.8	2,025	22.4	2,439
Retained Earnings	1,430	15.3	1,443	16.0	2,340
TOTAL LIABILITIES & NET WORTH	$9,425	100.0%	$9,046	100.0%	$11,589
Base	(113)		(109)		(62)

TABLE 31

BALANCE SHEET RATIOS

	1984-85	1983-84	1982-83	1981-82
Net Working Capital (000)	$382	$ (52)	$ 24	$170
Current Ratio	1.3/1	1.0/1	1.0/1	1.2/1
Percent Debt	64%	62%	57%	51%
Percent Equity	36%	38%	43%	49%
Debt to Cash Flow	4.6X	4.2X	4.7X	1.9X

U.S. Forest Service Permittees

Again, the 1984-85 study contained a separate computer run for the 62 ski areas operating with a USFS special use permit.

The average profile differs mainly in geographic location, size and length of season. The economic characteristics and financial performance indicators are remarkably similar to other areas. USFS permittees are found mainly in the Rockies and the West, and they are more heavily represented among the vacation destination ski areas at some distance from population centers.

IV

ECONOMIC RATIOS

The 1973-74 study introduced the economic ratios contained in this chapter. The objective was to identify and summarize three measures of profitability and five critical variables that help to explain performance.

The reader is again cautioned to review the precise definitions of terms contained in Appendix C. There are a myriad of different methods of measuring profitability and performance. These eight critical economic ratios were developed by Ted Farwell, a former member of the NSAA Economic Study Committee. They are not purported to be the only system, but rather to be one simple method of analyzing operating results.

Table 32 summarizes the eight critical ratios and illustrates the data required to construct each ratio. The source of these figures are Tables 26 and 30. There are similar tables in the subsequent chapters presenting the eight critical variables divided by various meaningful categories of profitability, geographic region, size, type, days of operation, and snowmaking and night operations.

This year separate utilization percentages are reported for day and night. This is in addition to the figure that has always been reported: Average Utilization. The data reported for day utilization and night utilization is based on information reported by those areas that could provide a break between day and night skier visits.

How to Calculate the Ratios

1. Debt to cash flow is a rough measure of the number of years that will be required at this cash flow to retire debt. This ratio is calculated by dividing the total long-term debt (M) (not including current liabilities) by the before-tax cash flow (I). Before-tax cash flow is calculated by adding back the non-cash expense of depreciation (H) to the profit (loss) before tax (G).

2. Operating profit on GFA is, in our opinion, the major ratio to describe profitability. Since it is a ratio before financing costs it allows for the comparison of operating results between areas with conservative management and minimum debt, and those with maximum leverage. It also eliminates the swings in profitability occasioned by the accumulation of several years of losses into the balance sheet. This ratio is calculated by dividing the operating profit (J) by gross fixed assets (L). Operating profit is calculated before interest expense.

3. Profit (before tax) on equity is the second measure of profitability and is the closest one can come to the traditional "return on equity" measure of business profitability. Traditional measures are in "after tax" returns. However, two characteristics of the ski industry make after tax calculations next to meaningless.

TABLE 32

ECONOMIC RATIOS

	Construction Key	Total 1984-85	Total 1983-84	Percent Change	USFS Permittees	Your Ski Area
VTF/Hour (000)	A	6,901	6,973		8,804	______
VTF/Hour - Demand/Skier Capacity	B	1,606	1,641		1,670	______
Skier Capacity	C	4,296	4,250		5,272	______
Days/Nights of Operation	D	128	133		139	______
Season Capacity (000)	E	593	614		766	______
Day Season Capacity (000)		545	571		720	______
Night Season Capacity (000)		119	114		54	______
Actual Skier Visits (000)	F	219	214	2.3%	291	______
Day Skier Visits (000)		199	205		272	______
Night Skier Visits (000)		37	35		40	______
Profit (Loss) Before Tax (000)	G	$ 296	$ 290	2.1%	$ 254	$______
Plus: Depreciation (000)	H	$ 668	$ 607		$ 871	$______
Before Tax Cash Flow (000)	I	$ 964	$ 897		$ 1,125	$______
Operating Profit (Loss) (000)	J	$ 697	$ 705	- 1.1%	$ 1,119	$______
Cash Operating Costs (000)	K	$2,858	$2,569		$ 3,551	$______
Gross Fixed Assets (000)	L	$9,848	$9,103		$12,183	$______
Long Term Debt (000)	M	$4,174	$3,730		$ 4,576	$______
Equity (000)	N	$3,392	$3,468		$ 4,779	$______
Critical Ratios						
1. Health (Debt to Cash Flow)		4.3X	4.2X		4.1X	______ X
Profitability:						
2. Operating Profit on GFA		7.1%	7.7%	- 7.8%	9.2%	______ %
3. Profit (BT) on Equity		8.7%	8.4%	3.6%	5.3%	______ %
Performance:						
4. Average Utilization		36.9%	34.9%		38.0%	______ %
Day Utilization		36.5%	35.9%		37.8%	______ %
Night Utilization		31.1%	30.7%		18.0%	______ %
5. Days/Nights of Operation		128	133		139	______

TABLE 32 (Continued)

ECONOMIC RATIOS

	Construction Key	Total 1984-85	Total 1983-84	Percent Change	USFS Permittees	Your Ski Area
Policy and Planning:						
6. Capital/Capacity Ratio		$2,292	$2,142		$2,311	$______
7. Operating Cost/Capacity Ratio		$ 4.82	$ 4.18	15.3%	$ 4.64	$______
Revenue/Skier Visit: (Average for all areas)						
Ski Lift Gross		$14.45	$13.61	6.2%	$15.06	$______
Ski School Margin		$ .53	$ .43		$ .47	$______
Food Service Margin		$ .56	$ .54		$ .49	$______
Bar Margin		$ .37	$ .28		$ .33	$______
Ski Shop Margin		$ .38	$ .34		$ .37	$______
Ski Rental Margin		$ .61	$ .55		$ .47	$______
Other Margin		$ .11	$ (.02)		$ .05	$______
8. Total - Revenue/Skier Visit		$17.01	$15.73	8.1%	$17.24	$______
Base		(117)	(113)		(62)	

a. Many ski areas are subsidiaries of larger corporations and the tax consequences of their ski area profits (losses) are lost in the consolidation.

b. Many ski areas have loss-carry-forward balances to offset current profits and their current taxes would not reflect normal operations.

In general, the reader seeking the comparable "after tax" return may approximate this by cutting the before tax figure in half (considering both Federal and state income tax liabilities).

This ratio is calculated by dividing profit (loss) before tax (G) by equity (N). Equity includes the invested capital and retained earnings. The reader should be aware of the fact that because of the areas' accumulated losses, 29 percent of the respondents reported negative retained earnings and 15 percent showed no invested capital.

4. Average utilization measures actual skier visits as a percent of capacity skier visits. Capacity skier visits (E) is the product of each individual ski area's calculated capacity times its equivalent days/nights of operation. The 1975-76 survey included a more meaningful estimate of capacity since respondents reported the number of days when all ski lifts were open plus the number of days when operations were limited due to lack of snow cover or other capacity limiting factors. The 1976-77 survey included nights of operation. The 1977-78 survey incorporated both of these refinements. Actual days/nights of operation were thus adjusted downward to create "equivalent" day/nights of operation. Please note that average skier capacity (C) times days of operation (D) will not equal season capacity (E). This is because season capacity (E) is the sum of all 117 areas' season capacity and is, of course, weighted by both the larger areas and those with longer seasons.

Average utilization is calculated by dividing actual skier visits (F) by computed season capacity (E). Utilization is expressed as a percent of available season capacity.

5. Days/nights of operation are the equivalent days and nights that ski areas were open and operating. Theoretically, when computing season capacity, one assumes that all lifts and trails are open each operating period or at least each area is capable of handling the "comfortable capacity" crowd each period that they are operating. All studies since 1975-76 adjust for this factor by computing equivalent days/nights of operation. Days/nights of operation were selected as one of eight critical variables to highlight their important effect on profitability.

6. The capital cost/capacity ratio is designed to provide a relative measure of a ski area's site, design and construction attributes. This ratio is calculated by dividing the GFA (L) by the daily, comfortable skier capacity (C). The rationale for obtaining a skier capacity measure was discussed earlier and judgments may be evaluated by referring to Table 16.

7. The operating cost/capacity ratio is designed as a comparable method of measuring operating cost efficiency. This measure reduces all the cash operating costs (excluding depreciation and interest) to a common denominator. It is calculated by dividing cash operating costs (K) by season capacity (E). Costs are thus reduced to the cost of providing one skier of capacity for one equivalent day/night of operation. In general, ski areas with a higher than average cash operating cost/season capacity ratio in its appropriate size, location or operating days category may well benefit by taking a close look at expenses.

8. Total revenue/skier is a measure of the actual revenue received by the ski area from each skier each day. The definition is very important to assess the usefulness of this measure. Revenue includes gross revenue from ski lift ticket sales, plus the margin or contribution from the other typical supporting services. This method was selected in order to equate ski areas who concession some or all of these supporting service operations, and thus report only a concession fee, with those who operate each service as a department.

   This index is calculated by dividing revenues by skier visits; however, this measure does not use either accommodations, year round or summer revenue as they don't relate directly to skier visits.

What the Ratios Mean

1. Ski Industry Health (Debt to Cash Flow): In 1984-85 the ski industry improved in its ability to retire debt. Average debt obligations are 4.3 times the before tax cash flow. Thus, cash flows are adequate to retire debt in approximately 9 years. (They must first be used to pay income taxes.)

2. Ski Industry Profitability: Operating profit as a percent of Gross Fixed Assets is 7.1 percent. This is a decrease from last year's 7.7 percent.

   Profit before tax on equity is at 8.7 percent, up slightly from last year's 8.4 percent, and well above 1982-83's rate of 4.2 percent.

3. Ski Industry Performance: Average skier visits were up by 2.3 percent.

4. Policy and Planning Ratio: The two cost/capacity ratios measure design and operating efficiency. The benchmarks established by the total sample should be attainable and probably represent an adequate norm. The capital cost/capacity ratio must be adjusted upward by an appropriate inflation index to be used for current new construction planning.

   The daily cash operating cost/capacity ratio at $4.82 is up from 1983-84's $4.18 index and is also above the $4.52 recorded in 1982-83. The change by category looks like this:

	Cash Cost/Season Capacity		
	1984-85	1983-84	Change
Ski Lift Direct	$1.42	$1.33	Up 7%
Payroll Taxes	.17	.15	Up 13%
Property Operation	.40	.37	Up 8%
Snowmaking and Snow Removal	.30	.24	Up 25%
General & Administrative, & Miscellaneous	1.38	1.12	Up 23%
Marketing	.48	.40	Up 20%
Insurance	.26	.20	Up 30%
Land Use Fees	.17	.16	Up 6%
Property Taxes	.17	.13	Up 31%
Other Taxes	.07	.08	Down 12%
	$4.82	$4.18	

5. Revenue per skier visit: The 1984-85 revenue per skier visit was up 8.1 percent. Overall margins all increased. Additional analysis is presented in Chapter VI.

TABLE 33

REVENUE PER SKIER VISIT

	1984-85	1983-84	1982-83	1981-82
Ski Lift Gross	$14.45	$13.61	$12.90	$12.46
Ski School Margin	.53	.43	.47	.39
Food Service Margin	.56	.54	.59	.45
Bar Margin	.37	.28	.23	.25
Ski Shop Margin	.38	.34	.27	.25
Rental Margin	.61	.55	.48	.47
Other Margin	.11	(.02)	.12	.13
	$17.01	$15.73	$15.06	$14.40
Base	(117)	(113)	(118)	(115)

V

PROFITABILITY

The 1984-85 ski season recorded operating profits that were up from 1983-84, with 77 percent of the reporting ski areas showing operating profits. Operating profit on Gross Fixed Assets was 7.1 percent for the average ski area in the study, 15.2 percent for the top half of the profitable ski areas and 5.5 percent for the bottom half.

This chapter makes a comprehensive analysis of profitability, its probable causes, current trends, and proposed solutions. Data are presented in three categories, those in the top half of the profitable areas, those in the bottom half of the profitable areas, and those recording losses. Again the reader is urged to read the definitions of profitability used carefully because this chapter treats profitability in a non-typical but hopefully more meaningful way. The definition is operating profit and results in 90 areas with an operating profit rather than 77 using profit before income taxes and 27 areas with a loss rather than the 40 using profit before income taxes. However, this analysis permits a number of additional meaningful comparisons to be made, especially when they have varying capital structures. Due to the large number of tables presented, the majority will be found at the end of the chapter.

The proportion of ski areas showing operating profits increased from 1983-84. Table 34 summarizes six profit indicators.

TABLE 34

HISTORICAL COMPARATIVE MEASURES OF PROFITABILITY

	1984-85	1983-84	1982-83	1981-82
Ski Areas Reporting Operating Profits	76.9%	73.5%	61.9%	84.4%
Operating Profit on GFA	7.1	7.7	5.7	14.6
Profit (BT) on Equity	8.7	8.4	4.2	21.8
Profit (BT) on GFA	3.0	3.2	1.9	10.1
Profit (BT) on Revenue	7.0	7.5	4.4	18.9
Profit (BT) in Dollars (000)	$296	$290	$143	$679
Base	(117)	(113)	(118)	(115)

This chapter isolates both the physical and economic characteristics of profitable areas and compares them with those recording losses to see if any significant insights can be provided. Table 35 presents a summary of the ski area characteristics divided into three categories of profitability. Tables 36 through 39 contain income statement and balance sheet data in these three categories. The 90 profitable ski areas were considered profitable based upon their ability to show an operating profit (i.e., before subtracting interest). Thirteen of these profitable areas did record losses after subtracting interest costs. The top half were selected based upon their return to GFA (i.e., as opposed to dollar amount of profits). Table 40 contains the critical economic ratios.

The past reports contained an analysis of the five most telling characteristics of the most profitable ski areas, the loss ski areas, and the three distinguishing characteristics of the bottom profit ski areas. In this report these past characteristics will be evaluated against current findings to evaluate progress or slippage.

Characteristics of the Top Half of the Profitable Ski Areas

The same five characteristics as in past studies are identified as the probable cause for higher profitability.

Probable Cause	Measure	Index[a]
1. Equivalent Days/Nights	137 days/nights	1.07
2. Revenue/Skier Visit	$17.05	1.00
3. Capital Cost/Capacity Ratio	$2,124	.93
4. Size (VTF/Hour) (000)	8,229	1.19
5. Available Beds	3,694	0.91
Resulting Effect	**Measure**	**Index[a]**
Average Utilization	39.5%	1.07
Operating Profit (000)	1,654	2.37
Operating Profit on GFA	15.2%	2.14

[a] The index represents the relationship of this measure to the average ski area measure.

In both the equivalent days/nights and size "cause" measures the top profit ski areas gained again in 1984-85.

None of the factors alone fully explain the better profitability; however, each favorable factor has a small effect, and together they can effect profits dramatically.

1. Length of Season: Typically the top profit ski areas enjoy a relatively longer season. The 45 top profit ski areas recorded 137 "equivalent" days/nights of operation, which was 7 percent above the average and 18 percent above the loss areas. These 137 days/nights were 1 percent below the 138 "equivalent" days/nights recorded in 1983-84. The favorable season length helped keep the top profit areas relatively profitable. Its effect is shown in Chapter VIII (Table 76) where the 33 ski areas that operated between 140-159 days recorded a 11.0 percent operating profit on gross fixed assets; and the 20 areas that operated over 160 days had an 6.0 percent return.

2. Revenue Per Skier Visit: Normally, the most profitable ski areas also have the highest average revenue per skier visit. However, in 1984-85 the bottom profit areas reported a slightly higher average revenue per skier visit. The 1984-85 revenue per skier visit decreased 1.0 percent for the loss areas from 1983-84, but increased 2.3 percent for the top profit areas and increased 20.8 percent for the bottom profit areas.

3. Capital Cost/Capacity Ratio: The top half profit areas were below the industry average, while the loss ski areas were well above the average Capital Cost/Capacity ratio in 1984-85. This was coupled with a higher operating cost/capacity ratio, an additional cause of decreased profitability.

4. Type and Size of Area: The profitable ski areas are found again to be the larger ski areas with a larger number of equivalent days/nights of operation.

Characteristics of the Bottom Half of the Profitable Ski Areas

The major reason for the lower profitability reported by the bottom half of the profitable ski areas is a lower utilization rate and a lower number of operating days compared to the top half of the profitable areas. The cause is not readily apparent. The index or relative measures of the five variables identified as the major reasons for the success of the bottom profit areas are summarized on the following page.

None of these factors alone explain the poorer profitability. However, the combination of slightly lower utilization and fewer days of operation creates only marginal profits. Profits were aided by a higher revenue per skier visit.

	Probable Cause	Measure	Index
1.	Equivalent Days/Nights	127 days/nights	0.99
2.	Revenue/Skier Visit	$17.23	1.01
3.	Capital Cost/Capacity Ratio	$2,239	0.98
4.	Size (VTF/Hour) (000)	6,120	0.89
5.	Available Beds	3,590	0.88

Resulting Effect	Measure	Index
Average Utilization	35.7%	0.96
Operating Profit (000)	$479	0.69
Operating Profit on GFA	5.5%	0.77

Characteristics of the Loss Ski Areas

The same five probable causes as applied to the loss areas illustrate the following:

	Probable Cause	Measure	Index
1.	Equivalent Days/Nights	116 days/nights	0.91
2.	Revenue/Skier Visit	$16.30	0.96
3.	Capital Cost/Capacity Ratio	$2,785	1.22
4.	Size (VTF/Hour) (000)	5,990	0.87
5.	Available Beds	5,506	1.35

Resulting Effect	Measure	Index
Average Utilization	32.4%	0.88
Operating Profit (000)	($537)	-
Operating Profit on GFA	Loss	-

All five causes again combine to create losses.

1. Length of Season: The shorter operating season is again the major cause. The 27 loss areas averaged 89 days of full operation; 21 days of less than full but better than half open; 17 days of less than half open; and 33 nights of operation. Their equivalent days/nights amounted to 91 percent of actual days open.

2. Revenue/Skier Visit: While past studies identified discounting as a cause of lost revenue, this may again be the case in 1984-85. Revenue per skier visit is 96 percent of the industry average, showing a large drop from last year's 105 percent.

3. Cost Factors: A major shortcoming of the loss areas involves a capital cost/capacity about 22 percent higher than average, coupled with extremely high operating/capacity ratio of $5.45, 13 percent higher than the average ski area.

These identified basic short-comings combine to have a devastating effect on utilization and profitability.

Summary

These various favorable and unfavorable economic characteristics may be summarized using the rule of thumb ratio of total revenue as a percent of GFA to utilization.

	Total	Top Profit	Bottom Profit	Loss
Number of Areas	117	45	45	27
Total Revenue/GFA	43%	54%	40%	26%
Utilization	37%	40%	36%	32%
Factor	1.16	1.35	1.11	0.81
Judgment	Good	Excellent	Good	Poor

A factor of less than 1.00 indicates one or more critical characteristics are out of balance.

TABLE 35

AVERAGE SKI AREA CHARACTERISTICS BY PROFITABILITY

	Total	Top Half Profit	Bottom Half Profit	Loss
SIZE				
VTF/Hour (000)	6,901	8,229	6,120	5,990
Gross Fixed Assets (000)	$ 9,848	$10,847	$ 8,726	$10,052
Skiable Acres	595	823	483	400
Total Acres	1,652	1,960	1,272	1,771
LOCATION				
Within 50 Miles of SMSA	37%	38%	27%	22%
With 6+ Areas in 1 Hour	32%	31%	29%	37%
New England	20%	18%	20%	22%
East	14%	7%	18%	19%
Midwest	13%	11%	18%	7%
Central Rockies	18%	20%	11%	26%
Northern Rockies	9%	11%	9%	7%
California and Nevada	15%	20%	18%	4%
Pacific Northwest	11%	13%	7%	15%
SITE CHARACTERISTICS				
Number of Beds at Base	1,277	1,619	1,229	786
Number of Beds (10 miles)	4,072	3,694	3,590	5,506
With Snowmaking	72%	62%	78%	78%
With Night Skiing	41%	40%	47%	33%
Terrain: Beginner	25%	25%	26%	24%
Intermediate	49%	49%	48%	52%
Expert	26%	26%	26%	24%
BUSINESS CHARACTERISTICS				
Operating With USFS Permit	53%	73%	44%	33%
Engaged in Land Development	39%	33%	40%	44%
OPERATIONAL CHARACTERISTICS				
Average Days/Nights of Operation	128	137	127	116
Average Peak Day Crowd	4,814	5,792	4,640	3,475
Average Skier Visits (000)	219	287	194	147
Average Age of Ski Areas	26 years	27 years	27 years	22 years
ECONOMIC CHARACTERISTICS				
Average Revenue/Skier Visit	$17.01	$17.05	$17.23	$16.30
Average Lift Ticket Revenue/Skier Visit	$14.45	$14.53	$14.61	$13.89
Average Adult Lift Ticket Price:				
Weekend	$18.68	$18.37	$18.62	$19.32
Weekday	$17.15	$17.04	$16.74	$17.98
Average Night Ticket Price:				
Weekend	$10.74	$ 7.25	$10.81	$10.25
Weekday	$10.21	$ 6.43	$10.67	$ 9.43
Average Adult Season Ticket Price	$ 369	$ 381	$ 348	$ 382
Average Utilization	37%	40%	36%	32%
Average Profit (Loss) Before Tax	$ 296	$1,204	$ 146	$ (966)
Ratio: Revenue/GFA	43%	54%	40%	26%
Base	(117)	(45)	(45)	(27)

TABLE 36

AVERAGE SKI AREA FINANCIAL DATA–INCOME STATEMENT BY PROFITABILITY

	Total (000)	Top Half (000)	Bottom Half (000)	Loss (000)	Your Ski Area
Gross Fixed Assets	$9,848	$10,847	$8,726	$10,052	$______
Revenue:					
Ski Lift Gross - Winter	$3,164	$ 4,168	$2,833	$ 2,040	$______
Ski Lift Gross - Summer	29	32	28	24	______
Supporting Margin - Winter	630	851	554	391	______
Supporting Margin - Summer	67	89	64	38	______
Year Round Margin	333	758	27	135	______
TOTAL REVENUE	$4,223	$ 5,898	$3,506	$ 2,628	$______
Less:					
Ski Lift Direct Expense	$ 841	$ 1,114	$ 669	$ 669	$______
Payroll Taxes	101	123	91	85	______
Property Operation	239	254	250	196	______
OPERATIONS MARGIN	$3,042	$ 4,407	$2,496	$ 1,678	$______
Less:					
General & Administrative	$ 694	$ 828	$ 656	$ 535	$______
Marketing (advertising, public relations, promotion, etc.)	285	340	224	297	______
Insurance (property, liability)	155	179	165	98	______
Land Use Fees (public)	76	130	46	38	______
Land Use Fees (private)	22	16	27	24	______
Property Taxes	100	104	106	85	______
Other Taxes (except income)	41	64	38	7	______
Snowmaking	165	187	138	174	______
Snow Removal	14	21	12	4	______
Miscellaneous	125	142	24	263	______
Depreciation & Amortization	668	742	581	690	______
OPERATING PROFIT (LOSS)	$ 697	$ 1,654	$ 479	$ (537)	$______
Less: Interest	401	450	333	429	______
PROFIT (LOSS) BEFORE TAX	$ 296	$ 1,204	$ 146	$ (966)	$______
Base	(117)	(45)	(45)	(27)	

TABLE 37

AVERAGE SKI AREA FINANCIAL DATA–INCOME STATEMENT BY PROFITABILITY

	Percent of Gross Fixed Assets				Your
	Total	Top Half	Bottom Half	Loss	Ski Area
Gross Fixed Assets	100.0%	100.0%	100.0%	100.0%	100.0%
Revenue:					
Ski Lift Gross - Winter	32.1%	38.4%	32.5%	20.3	____ %
Ski Lift Gross - Summer	0.3	0.3	0.3	0.2	____
Supporting Margin - Winter	6.4	7.8	6.3	3.9	____
Supporting Margin - Summer	0.7	0.8	0.7	0.4	____
Year Round Margin	3.4	7.1	0.4	1.3	____
TOTAL REVENUE	42.9%	54.4%	40.2%	26.1%	____ %
Less:					
Ski Lift Direct Expense	8.5%	10.3%	7.7%	6.7%	____ %
Payroll Taxes	1.0	1.1	1.0	0.8	____
Property Operation	2.5	2.4	2.9	1.9	____
OPERATIONS MARGIN	30.9%	40.6%	28.6%	16.7%	____ %
Less:					
General & Administrative	7.0%	7.6%	7.5%	5.3%	____ %
Marketing (advertising, public relations, promotion, etc.)	2.9	3.1	2.6	3.0	____
Insurance (property, liability)	1.6	1.7	1.9	1.0	____
Land Use Fees (public)	0.8	1.2	0.5	0.4	____
Land Use Fees (private)	0.2	0.1	0.3	0.2	____
Property Taxes	1.0	1.0	1.2	0.8	____
Other Taxes (except income)	0.4	0.6	0.4	0.1	____
Snowmaking	1.7	1.7	1.6	1.7	____
Snow Removal	0.1	0.2	0.1	0.0	____
Miscellaneous	1.3	1.4	0.3	2.6	____
Depreciation & Amortization	6.8	6.8	6.7	6.9	____
OPERATING PROFIT (LOSS)	7.1%	15.2%	5.5%	(5.3)%	____ %
Less: Interest	4.1	4.1	3.8	4.3	____
PROFIT (LOSS) BEFORE TAX	3.0%	11.1%	1.7%	(9.6)%	____ %
Base	(117)	(45)	(45)	(27)	

TABLE 38

AVERAGE SKI AREA FINANCIAL DATA–INCOME STATEMENT BY PROFITABILITY

	Percent of Revenue				Your Ski Area
	Total	Top Half	Bottom Half	Loss	
Revenue:					
Ski Lift Gross - Winter	74.9%	70.7%	80.8%	77.6%	____%
Ski Lift Gross - Summer	0.7	0.5	0.8	0.9	____
Supporting Margin - Winter	14.9	14.4	15.8	14.9	____
Supporting Margin - Summer	1.6	1.5	1.8	1.4	____
Year Round Margin	7.9	12.9	0.8	5.2	____
TOTAL REVENUE	100.0%	100.0%	100.0%	100.0%	100.0 %
Less:					
Ski Lift Direct Expense	19.9%	18.9%	19.1%	25.5%	____%
Payroll Taxes	2.4	2.1	2.6	3.2	____
Property Operation	5.7	4.3	7.1	7.4	____
OPERATIONS MARGIN	72.0%	74.7%	71.2%	63.9%	____%
Less:					
General & Administrative	16.4%	14.0%	18.7%	20.4%	____%
Marketing (advertising, public relations, promotion, etc.)	6.7	5.8	6.4	11.3	____
Insurance (property, liability)	3.7	3.0	4.7	3.7	____
Land Use Fees (public)	1.8	2.2	1.3	1.4	____
Land Use Fees (private)	0.5	0.3	0.8	0.9	____
Property Taxes	2.4	1.8	3.0	3.2	____
Other Taxes (except income)	1.0	1.1	1.1	0.3	____
Snowmaking	3.9	3.2	3.9	6.6	____
Snow Removal	0.3	0.4	0.3	0.2	____
Miscellaneous	3.0	2.3	0.7	10.0	____
Depreciation & Amortization	15.8	12.6	16.6	26.3	____
OPERATING PROFIT (LOSS)	16.5%	28.0%	13.7%	(20.4)%	____%
Less: Interest	9.5	7.6	9.5	16.4	____
PROFIT (LOSS) BEFORE TAX	7.0%	20.4%	4.2%	(36.8)%	____%
Base	(117)	(45)	(45)	(27)	

TABLE 39

AVERAGE SKI AREA FINANCIAL DATA–BALANCE SHEET BY PROFITABILITY

	Total (000)	Top Half (000)	Bottom Half (000)	Loss (000)
Assets:				
Current Assets	$1,648	$ 2,164	$1,301	$ 1,402
Gross Fixed Assets	10,089	11,089	8,726	10,810
Less: Depreciation	(3,894)	(4,495)	(3,647)	(3,257)
Other Assets	1,572	2,111	1,274	1,146
TOTAL ASSETS	$9,425	$10,869	$7,654	$10,101
Liability & Net Worth				
Current Liabilities	$1,276	$ 1,296	$1,043	$ 1,674
Long-Term Debt	3,359	3,530	2,861	3,978
Subordinated Debt	815	491	793	1,447
Deferred Taxes	229	467	33	160
Other Liabilities	354	166	405	609
Net Worth				
Invested	1,962	1,082	1,966	3,571
Retained Earnings	1,430	3,837	553	(1,338)
TOTAL LIABILITIES & NET WORTH	$9,425	$10,869	$7,654	$10,101
Base	(113)	(44)	(45)	(24)

TABLE 40

ECONOMIC RATIOS–BY PROFITABILITY

	Key	Total	Top Half	Bottom Half	Loss	Your Ski Area
VTF/Hour (000)	A	6,901	8,229	6,120	5,990	____
VTF/Hour - Demand/Skier Capacity	B	1,606	1,612	1,570	1,660	____
Skier Capacity	C	4,296	5,106	3,898	3,609	____
Days/Nights of Operation	D	128	137	127	116	____
Season Capacity (000)	E	593	726	544	454	____
Day Season Capacity (000)		545	635	494	409	____
Night Season Capacity (000)		119	156	107	593	____
Actual Skier Visits (000)	F	219	287	194	147	____
Day Skier Visits (000)		199	262	173	135	____
Night Skier Visits (000)		37	45	17	5	____
Profit (Loss) Before Tax (000)	G	$ 296	$ 1,204	$ 146	$ (966)	$____
Plus: Depreciation (000)	H	$ 668	$ 743	$ 581	$ 691	$____
Before Tax Cash Flow (000)	I	$ 964	$ 1,947	$ 727	$ (275)	$____
Operating Profit (Loss) (000)	J	$ 697	$ 1,654	$ 479	$ (537)	$____
Cash Operating Costs (000)	K	$2,858	$ 3,502	$2,446	$ 2,475	$____
Gross Fixed Assets (000)	L	$9,848	$10,847	$8,726	$10,052	$____
Long Term Debt (000)	M	$4,174	$ 4,021	$3,654	$ 5,425	$____
Equity (000)	N	$3,392	$ 4,919	$2,519	$ 2,233	$____
Critical Ratios						
1. Health (Debt to Cash Flow)		4.3X	2.1X	5.0X	-	____ X
Profitability:						
2. Operating Profit on GFA		7.1%	15.2%	5.5%	Loss	____ %
3. Profit (BT) on Equity		8.7%	24.5%	5.8%	Loss	____ %
Performance:						
4. Average Utilization		36.9%	39.5%	35.7%	32.4%	____ %
Day Utilization		36.5%	41.3%	35.0%	33.0%	____
Night Utilization		31.1%	28.8%	15.9%	0.8%	
5. Days/Nights of Operation		128	137	127	116	
Policy & Planning:						
6. Capital/Capacity Ratio		$2,292	$2,124	$2,239	$2,785	$____
7. Operating/Capacity Ratio		$ 4.82	$ 4.82	$ 4.50	$ 5.45	$____
Revenue/Skier Visit: (Average for all areas)						
Ski Lift Gross		$14.45	$14.53	$14.61	$13.89	$____
Ski School Margin		$ .53	$ .53	$ .52	$ .51	$____
Food Service Margin		$ .56	$ .60	$ .54	$ .48	$____
Bar Margin		$ .37	$ .36	$ .43	$ .25	$____
Ski Shop Margin		$ .38	$ .38	$ .42	$ .34	$____
Ski Rental Margin		$ .61	$ .60	$ .65	$ .59	$____
Other Margin		$ .11	$ .05	$ .06	$ .24	$____
8. Total - Revenue/Skier Visit		$17.01	$17.05	$17.23	$16.30	$____
Base		(117)	(45)	(45)	(27)	

VI

SKI AREA DEPARTMENTAL OPERATIONS

Skiers require a variety of supporting services in order to participate in their sport. In general, these services are revenue producers and each should be organized to provide some contribution to gross margin.

Departmental Operations

Table 41 summarizes the departmental operations for 12 departments during both winter and summer seasons. Since the range of supporting services varies substantially, this data represents averages from among only those areas who reported owning and operating such supporting services. The number of ski areas reporting such operations is noted in the right hand column labeled "base." For example, only 71 ski areas or 61 percent reported operating a bar, thus the data shown are from a sample of only 71.

In addition to the departmental direct cost breakdown, Table 41 includes gross sales per skier visit for the seven major categories. These departments account for 77 percent of ski area gross revenue. These averages have also been calculated using only those ski areas that report owning and operating these departments. Thus, the gross margins calculated from Table 41 will not equate with the average ski industry margins shown with the economic ratios (Table 32). For instance, the bar department margin on Table 41 amounts to \$0.51/skier visit (\$1.04 x 49.1 percent) whereas on Table 32 it is shown as \$0.37/skier visit. While the industry average is based on all 117 respondents, the Table 41 data is based on only the 71 respondents who own and operate a bar.

Two upgraded items involve cost of goods sold in the rental department and payroll taxes. The last seven surveys asked specifically for including a rental equipment depreciation allowance under cost of goods sold since this equipment is typically replaced every three to five seasons. In addition this year, payroll taxes have been deducted from departments. If respondents gave a breakdown of payroll taxes by department, that figure was used; if a total payroll tax figure was given, it was allocated to departments in proportion to direct labor costs.

Tables 42 through 44 summarize departmental data by profitability. This breakdown is also included by ski area type (Tables 45-47) and by geographic region (Chapter VII, Table 60).

Ski Area Concessions

Table 48 summarizes ski area concession operations.

Ski Area Employment

Tables 49 and 50 summarize ski area employment. These 117 ski areas employed 21,528 persons daily. If the balance of the ski areas had similar staffing, based on skier visits the ski area industry employed 45,804 persons daily.

Ski Lift Department Detail

Table 51 contains the ski lift department breakdowns.

Ski Area Insurance Costs

Ski area insurance costs have been a major concern of the industry over the recent past. Sixty-eight ski areas provided data concerning property, etc., and liability insurance costs. Their cost experience was:

Property Insurance Expense	$ 59,457	40.3%
Liability Insurance Expense	88,231	59.7%
Total Insurance Expense	$147,688	100.0%

Forty-eight ski areas lumped their insurance costs together and reported a cost of $115,738. Assuming that the property/liability ratio remains the same for the 48 ski areas who provided only one lumped figure results in allocating 40.3 percent to property and 59.7 percent to liability. Thus, the 1984-85 figures probably look like this for the average ski area:

Cost–Property Insurance	$ 53,727	40.3%
Cost–Liability Insurance	79,591	59.7%
Cost–Total Insurance	$133,318	100.0%

Logically property insurance is some function of the property value, while liability insurance is typically measured as a percent of revenue. Thus the following relationships have been calculated:

Property Insurance / Gross Fixed Assets
$53,727 / $9,847,590 = 0.5%

Liability Insurance / Total Revenue
$79,591 / $4,223,000 = 1.9%

Liability Insurance / Gross Operating Revenue[a]
$79,591 / $5,392,000 = 1.5%

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[a] For purposes of this measure Gross Operating Revenue is defined as all gross revenue less real estate and utility departmental revenue and less all concession revenue.

TABLE 41

AVERAGE SKI AREA FINANCIAL DATA–DEPARTMENTAL MARGIN TOTAL SKI AREAS, 1984-85

	Gross Sales		Less:					
	Per S-V[a]	%	Cost of Goods Sold	Direct Labor	Direct Other	Payroll Taxes	Gross Margin	Base
WINTER SEASON								
Ski Lift Dept.	$14.45	100.0%	- %	16.3%	9.4%	3.1%	71.2%	(117)
Ski School	1.77	100.0%	-	52.1	6.3	9.5	32.1	(99)
Food Service	3.10	100.0%	34.9	26.4	12.7	4.6	21.4	(88)
Bar	1.04	100.0%	25.8	13.5	9.2	2.4	49.1	(71)
Retail	1.73	100.0%	52.9	10.3	3.9	2.0	30.9	(62)
Rental	1.42	100.0%	11.8[b]	19.1	6.7	3.7	58.7	(86)
Accommodations	-	100.0%	-	25.9	30.7	4.7	38.7	(36)
Other	.59	100.0%	5.7	48.6	16.4	8.8	20.5	(98)
	$24.10							
YEAR-ROUND								
Real Estate		100.0%	52.1	5.1	10.2	0.2	32.4	(19)
Utility		100.0%	-	30.8	72.9	6.0	(9.7)	(18)
Miscellaneous		100.0%	2.9	5.3	16.3	1.5	74.0	(65)
SUMMER SEASON								
Lift Department		100.0%	-	51.5	34.7	13.4	0.4	(25)
Food Service		100.0%	36.4	41.5	15.4	5.9	0.8	(45)
Retail		100.0%	63.0	18.6	8.3	3.9	6.2	(24)
Sports		100.0%	-	34.6	28.0	8.3	29.1	(16)
Accommodations		100.0%	-	30.1	27.3	5.9	36.7	(25)
Slide		100.0%	0.5	24.5	12.0	5.3	57.7	(12)
Other		100.0%	9.5	35.3	38.9	4.4	11.9	(30)

[a] Calculations restricted to ski areas having departments listed above.

[b] Represents retirement and replacement of rental equipment.

TABLE 42

AVERAGE SKI AREA FINANCIAL DATA–DEPARTMENTAL MARGIN TOP PROFIT SKI AREAS, 1984-85

	Gross Sales		Less:					
	Per S-V[a]	%	Cost of Goods Sold	Direct Labor	Direct Other	Payroll Taxes	Gross Margin	Base
WINTER SEASON								
Ski Lift Dept.	$14.53	100.0%	- %	16.8%	9.5%	2.9%	70.8%	(45)
Ski School	1.75	100.0%	-	54.2	4.9	8.3	32.6	(39)
Food Service	2.67	100.0%	33.5	26.4	10.8	3.0	26.3	(36)
Bar	.96	100.0%	25.3	12.3	8.8	1.6	52.0	(29)
Retail	1.50	100.0%	50.3	9.2	4.1	1.6	34.8	(26)
Rental	1.38	100.0%	11.4[b]	16.9	4.8	3.0	63.9	(33)
Accommodations	-	100.0%	-	21.1	28.2	4.0	46.7	(13)
Other	.41	100.0%	5.7	50.2	25.8	4.7	13.6	(41)
	$23.20							
YEAR-ROUND								
Real Estate		100.0%	53.3	4.7	6.7	0.0	35.3	(10)
Utility		100.0%	-	25.7	51.8	5.6	16.9	(8)
Miscellaneous		100.0%	1.6	3.2	21.8	0.4	73.0	(28)
SUMMER SEASON								
Lift Department		100.0%	-	24.7	11.8	9.3	54.2	(9)
Food Service		100.0%	37.2	45.4	12.1	3.8	1.5	(18)
Retail		100.0%	62.4	18.8	7.5	3.7	7.6	(8)
Sports		100.0%	-	26.5	20.5	4.9	48.1	(5)
Accommodations		100.0%	-	30.7	28.7	5.3	35.3	(11)
Slide		100.0%	0.0	25.7	16.8	4.1	53.4	(4)
Other		100.0%	10.2	42.0	49.9	4.4	(6.5)	(13)

[a] Calculations restricted to ski areas having departments listed above.

[b] Represents retirement and replacement of rental equipment.

TABLE 43

AVERAGE SKI AREA FINANCIAL DATA–DEPARTMENTAL MARGIN BOTTOM PROFIT SKI AREAS, 1984-85

	Gross Sales		Less:					
	Per S-V[a]	%	Cost of Goods Sold	Direct Labor	Direct Other	Payroll Taxes	Gross Margin	Base
WINTER SEASON								
Ski Lift Dept.	$14.61	100.0%	- %	14.4%	8.3%	3.1%	74.2%	(45)
Ski School	1.73	100.0%	-	48.1	8.1	11.0	32.8	(39)
Food Service	3.20	100.0%	37.3	27.4	10.0	5.9	19.4	(34)
Bar	1.00	100.0%	26.2	12.8	6.8	2.9	51.3	(29)
Retail	2.02	100.0%	53.3	10.5	3.9	2.2	30.1	(24)
Rental	1.52	100.0%	12.4[b]	19.7	8.9	3.6	55.4	(34)
Accommodations	-	100.0%	-	32.3	24.2	9.1	34.4	(14)
Other	.86	100.0%	3.2	55.2	8.5	13.5	19.6	(37)
	$24.94							
YEAR-ROUND								
Real Estate		100.0%	48.6	21.2	22.8	2.3	5.1	(3)
Utility		100.0%	-	24.2	163.6	2.0	(89.8)	(4)
Miscellaneous		100.0%	11.2	7.1	4.3	5.0	72.4	(23)
SUMMER SEASON								
Lift Department		100.0%	-	50.0	34.5	12.2	3.3	(10)
Food Service		100.0%	35.7	33.4	15.3	6.3	9.3	(19)
Retail		100.0%	56.1	18.8	9.0	3.9	12.2	(11)
Sports		100.0%	-	37.1	29.6	14.0	19.3	(7)
Accommodations		100.0%	-	30.8	33.5	8.8	26.9	(9)
Slide		100.0%	0.9	24.3	10.0	6.1	58.7	(7)
Other		100.0%	0.5	28.3	34.6	4.9	31.7	(9)

[a] Calculations restricted to ski areas having departments listed above.

[b] Represents retirement and replacement of rental equipment.

TABLE 44

AVERAGE SKI AREA FINANCIAL DATA–DEPARTMENTAL MARGIN LOSS SKI AREAS, 1984-85

	Gross Sales		Less:					
	Per S-V[a]	%	Cost of Goods Sold	Direct Labor	Direct Other	Payroll Taxes	Gross Margin	Base
WINTER SEASON								
Ski Lift Dept.	$13.89	100.0%	- %	19.1%	11.3%	3.9%	65.7%	(27)
Ski School	1.90	100.0%	-	53.3	7.0	10.1	29.6	(21)
Food Service	4.31	100.0%	33.8	24.2	23.0	5.6	13.4	(18)
Bar	1.65	100.0%	26.7	18.8	15.3	3.6	35.6	(13)
Retail	1.87	100.0%	59.8	13.2	3.6	2.5	20.9	(12)
Rental	1.36	100.0%	11.8[b]	24.0	7.0	5.7	51.5	(19)
Accommodations	-	100.0%	-	31.2	44.1	6.1	18.6	(9)
Other	.71	100.0%	12.0	28.7	16.7	5.8	36.8	(20)
	$25.69							
YEAR-ROUND								
Real Estate		100.0%	44.9	5.7	30.4	1.0	18.0	(6)
Utility		100.0%	-	42.5	58.1	8.7	(9.3)	(6)
Miscellaneous		100.0%	1.1	14.2	0.1	3.8	80.8	(14)
SUMMER SEASON								
Lift Department		100.0%	-	114.5	86.9	24.6	(126.0)	(6)
Food Service		100.0%	36.1	46.7	20.0	8.4	(11.2)	(8)
Retail		100.0%	73.3	18.2	8.9	3.9	(4.3)	(5)
Sports		100.0%	-	134.9	124.9	19.6	(179.4)	(4)
Accommodations		100.0%	-	28.5	19.8	4.8	46.9	(5)
Slide		100.0%	0.0	20.3	3.9	3.9	71.9	(1)
Other		100.0%	10.3	21.5	14.5	4.2	49.5	(8)

[a] Calculations restricted to ski areas having departments listed above.

[b] Represents retirement and replacement of rental equipment.

TABLE 45

AVERAGE SKI AREA FINANCIAL DATA–DEPARTMENTAL MARGIN VACATION ORIENTED SKI AREAS, 1984-85

	Gross Sales		Less:					
	Per S-V[a]	%	Cost of Goods Sold	Direct Labor	Direct Other	Payroll Taxes	Gross Margin	Base
WINTER SEASON								
Ski Lift Dept.	$15.92	100.0%	- %	16.4%	9.2%	2.8%	71.6%	(35)
Ski School	2.26	100.0%	-	54.9	6.0	9.5	29.6	(32)
Food Service	3.56	100.0%	31.9	27.4	16.6	4.0	20.1	(23)
Bar	1.03	100.0%	23.3	10.4	8.7	2.1	55.5	(19)
Retail	1.58	100.0%	50.6	9.7	4.7	1.8	33.2	(20)
Rental	1.05	100.0%	11.1[b]	20.9	10.6	3.8	53.6	(24)
Accommodations	-	100.0%	-	25.3	32.0	4.9	37.8	(15)
Other	.74	100.0%	6.5	51.2	20.2	7.9	14.2	(29)
	$26.14							
YEAR-ROUND								
Real Estate		100.0%	50.8	4.0	10.4	0.2	34.6	(12)
Utility		100.0%	-	32.1	48.4	7.0	12.5	(6)
Miscellaneous		100.0%	2.5	3.2	21.4	1.0	71.9	(23)
SUMMER SEASON								
Lift Department		100.0%	-	55.1	38.3	14.7	(8.1)	(13)
Food Service		100.0%	33.8	49.0	20.6	6.2	(9.6)	(19)
Retail		100.0%	61.1	20.4	9.8	4.5	4.2	(14)
Sports		100.0%	-	33.7	24.1	9.3	32.9	(10)
Accommodations		100.0%	-	36.9	28.7	7.7	26.7	(12)
Slide		100.0%	0.0	33.1	14.6	7.3	45.0	(4)
Other		100.0%	12.3	38.5	34.2	4.2	10.8	(9)

[a] Calculations restricted to ski areas having departments listed above.

[b] Represents retirement and replacement of rental equipment.

TABLE 46

AVERAGE SKI AREA FINANCIAL DATA–DEPARTMENTAL MARGIN DAY SKI AREAS, 1984-85

	Gross Sales		Less:					
	Per S-V[a]	%	Cost of Goods Sold	Direct Labor	Direct Other	Payroll Taxes	Gross Margin	Base
WINTER SEASON								
Ski Lift Dept.	$11.88	100.0%	- %	18.2%	10.6%	3.5%	67.7%	(57)
Ski School	1.20	100.0%	-	43.5	7.2	7.1	42.2	(48)
Food Service	2.49	100.0%	37.5	23.0	9.9	3.6	26.0	(48)
Bar	1.18	100.0%	26.2	16.5	10.4	2.3	44.6	(38)
Retail	1.78	100.0%	55.6	10.9	2.9	1.8	28.8	(33)
Rental	1.95	100.0%	11.7[b]	17.4	4.9	3.2	62.8	(48)
Accommodations	-	100.0%	-	29.5	40.5	5.1	24.9	(12)
Other	.31	100.0%	8.3	29.0	11.7	4.3	46.7	(47)
	$20.79							
YEAR-ROUND								
Real Estate		100.0%	0.0	67.1	38.0	0.0	(5.1)	(1)
Utility		100.0%	-	25.7	156.4	3.5	(85.6)	(6)
Miscellaneous		100.0%	6.6	19.0	2.5	4.8	67.1	(31)
SUMMER SEASON								
Lift Department		100.0%	-	54.5	40.6	11.6	(6.7)	(8)
Food Service		100.0%	37.5	33.6	12.2	4.6	12.1	(17)
Retail		100.0%	64.8	17.3	6.1	2.5	9.3	(5)
Sports		100.0%	-	39.1	33.7	4.0	23.2	(3)
Accommodations		100.0%	-	28.4	35.9	3.0	32.7	(8)
Slide		100.0%	0.0	18.2	13.2	2.4	66.2	(4)
Other		100.0%	2.2	62.2	101.8	10.3	(76.5)	(16)

[a] Calculations restricted to ski areas having departments listed above.

[b] Represents retirement and replacement of rental equipment.

TABLE 47

AVERAGE SKI AREA FINANCIAL DATA–DEPARTMENTAL MARGIN WEEKEND SKI AREAS, 1984-85

	Gross Sales		Less:					
	Per S-V[a]	%	Cost of Goods Sold	Direct Labor	Direct Other	Payroll Taxes	Gross Margin	Base
WINTER SEASON								
Ski Lift Dept.	$15.14	100.0%	- %	13.7%	8.1%	3.3%	74.9%	(25)
Ski School	1.32	100.0%	-	52.0	6.6	13.9	27.5	(14)
Food Service	3.07	100.0%	40.2	28.9	4.7	8.2	18.0	(17)
Bar	.80	100.0%	33.5	15.5	7.5	3.4	40.1	(14)
Retail	2.18	100.0%	54.5	11.1	3.4	2.9	28.1	(9)
Rental	1.23	100.0%	13.4[b]	21.4	4.7	4.9	55.6	(14)
Accommodations	-	100.0%	-	25.7	20.9	8.4	45.0	(9)
Other	.69	100.0%	1.9	55.3	9.9	14.3	18.6	(22)
	$24.43							
YEAR-ROUND								
Real Estate		100.0%	63.2	14.0	8.4	0.0	14.4	(6)
Utility		100.0%	-	31.9	56.3	6.2	5.6	(6)
Miscellaneous		100.0%	0.0	0.0	0.0	0.0	100.0	(11)
SUMMER SEASON								
Lift Department		100.0%	-	26.6	4.2	9.0	60.2	(4)
Food Service		100.0%	40.1	34.4	8.3	6.7	10.5	(9)
Retail		100.0%	70.1	11.4	3.8	2.8	11.9	(5)
Sports		100.0%	-	37.2	47.1	5.3	10.4	(3)
Accommodations		100.0%	-	19.7	20.5	4.3	55.5	(5)
Slide		100.0%	1.4	25.3	9.1	6.7	57.5	(4)
Other		100.0%	6.0	5.3	7.7	0.7	80.3	(5)

[a] Calculations restricted to ski areas having departments listed above.

[b] Represents retirement and replacement of rental equipment.

TABLE 48

SKI AREA CONCESSION OPERATIONS

Supporting Department	Percent of Ski Areas: Do Not Have	Own	Concession	Both	Average Concession Revenue (000)
WINTER SEASON:					
Ski School	2.6%	83.8%	12.8%	0.9%	$11.8
Food Service	3.4	71.8	21.4	3.4	60.7
Bar	19.7	60.7	18.8	0.9	53.8
Retail Shop	14.5	52.1	32.5	0.9	30.4
Rental Shop	10.3	73.5	16.2	0.0	59.9
Accommodations	65.8	26.5	3.4	4.3	77.3
SUMMER SEASON:					
Food Service	57.3%	37.6%	4.3%	0.9%	$16.7
Retail Shop	76.9	20.5	2.6	0.0	32.7
Sports Department	86.3	12.8	0.9	0.0	5.0
Accommodations	78.6	18.8	0.0	2.6	15.3
Summer Slide	89.7	10.3	0.0	0.0	0.0

TABLE 49

NUMBER OF EMPLOYEES PER AVERAGE DAY BY DEPARTMENT

	Lift	Ski School	Food Service	Bar	Retail Store	Rental Shop	Accommodations	Other	Total[a]	Full Time Equivalent
Total Sample	46	32	32	4	5	7	10	47	184	69
Geographic:										
New England	36	25	28	5	5	6	19	47	171	14
East	40	22	30	6	2	8	20	38	165	51
Midwest	21	8	14	3	2	7	6	14	75	15
Central Rockies	78	74	69	4	7	7	5	74	317	149
Northern Rockies	50	40	18	3	3	4	4	58	180	53
California & Nevada	56	30	31	5	8	13	5	64	213	128
Pacific Northwest	32	12	19	6	3	5	6	20	103	58
Type:										
Day	32	17	14	3	3	7	4	19	98	37
Weekend	44	22	23	3	4	7	9	38	150	82
Vacation	70	62	69	8	8	8	21	100	347	113
Profitability:										
Top Profit	56	41	37	5	5	8	8	42	203	68
Bottom Profit	39	29	28	4	5	8	9	54	175	78
Loss	41	21	32	5	3	5	14	44	165	58
By Size (000) (VTF/Hour)										
Under 2,500	18	10	11	2	1	5	9	15	71	22
2,500 - 3,999	27	16	14	2	2	8	1	15	86	23
4,000 - 5,499	30	18	17	4	2	5	6	18	99	36
5,500 - 9,999	62	31	30	4	6	7	13	43	197	61
10,000+	88	87	92	10	11	12	18	150	469	211

[a] Will not add due to various different base responses.

TABLE 50

NUMBER OF EMPLOYEES PER PEAK DAY BY DEPARTMENT

	Lift	Ski School	Food Service	Bar	Retail Store	Rental Shop	Accommodations	Other	Total[a]	Full Time Equivalent
Total Sample	61	58	45	8	7	12	14	60	265	69
Geographic:										
New England	53	54	44	8	8	11	31	69	280	19
East & Ontario	58	54	46	10	3	15	26	53	264	84
Midwest	32	19	27	6	3	15	9	21	131	22
Central Rockies	92	113	84	5	9	9	6	90	407	177
Northern Rockies	62	57	28	4	5	5	5	63	229	59
California & Nevada	71	47	39	7	10	17	7	72	270	156
Pacific Northwest	51	45	31	11	5	10	10	29	192	84
Type:										
Day	48	43	25	6	4	13	6	26	171	57
Weekend	59	40	31	6	5	10	11	45	207	100
Vacation	84	96	89	12	11	11	31	126	460	131
Profitability:										
Top Profit	76	75	51	8	8	14	15	58	305	86
Bottom Profit	51	50	41	7	7	12	12	66	246	100
Loss	55	44	43	7	4	8	17	54	232	73
By Size (000) (VTF/Hour)										
Under 2,500	26	24	17	4	2	9	12	19	113	36
2,500 - 3,999	42	37	26	5	8	15	1	22	153	43
4,000 - 5,499	39	42	27	7	3	10	8	22	158	51
5,500 - 9,999	83	60	42	7	9	11	16	58	286	81
10,000+	111	130	119	16	15	16	32	184	623	240

[a] Will not add due to various different base responses.

TABLE 51

SKI LIFT DEPARTMENT DIRECT COST BREAKDOWN BY PROFITABILITY

	Total Sample	High	Low	Loss	Your Ski Area
SKI LIFT GROSS:					
Revenue (Winter)	100.0%	100.0%	100.0%	100.0%	100.0%
LESS:					
Ski Lift Payroll	6.0%	5.6%	6.7%	6.3%	_____
Ski Patrol Payroll	2.9	2.6	3.3	3.4	_____
Slope Maintenance Payroll	2.3	2.2	2.4	2.7	_____
Maintenance & Repair Payroll	3.2	3.2	3.4	3.0	_____
Ticket Sales Payroll	1.3	1.3	1.3	1.3	_____
Other Payroll	1.3	1.4	0.6	1.5	_____
TOTAL PAYROLL	17.0%	16.3%	17.7%	18.2%	_____
PAYROLL TAXES	3.0%	2.6%	3.4%	3.6%	_____
OTHER DIRECT	9.5%	9.2%	8.5%	11.7%	_____
GROSS MARGIN	70.5%	71.9%	70.4%	66.5%	_____%
Base	(81)	(33)	(27)	(21)	

VII

REGIONAL SKI AREA CHARACTERISTICS

This chapter offers a look at ski area similarities and differences by geographic regions. Table 53 summarizes the significant ski area characteristics, while Table 54 presents the eight critical variables by geographic location. Tables 55-57 contain average regional area income statements compared to both gross fixed assets and revenue. Table 58 illustrates lift department direct costs. Table 59 breaks out the regional balance sheets. Table 60 summarizes departmental breakdowns. Again due to the large number of tables, they all appear at the end of the chapter.

Observations

The larger areas are found in the Rockies and the West where the mountains are larger and the snow cover deeper and more dependable. This also means that the Rockies contain a larger share of the vacation areas, while the other sections are heavy on day use areas. There are many more beds at Rockies areas, again indicative of their focus on vacation destination resorts.

Eastern and Midwestern areas depend heavily upon snowmaking. Divisions of terrain by difficulty appear rather standard all across the nation. This can be misleading as each ski area classifies their terrain in relation to other terrain at that area. What in Colorado may be more difficult (intermediate) might be most difficult (expert) in Wisconsin.

Variations in profitability are most evident when analyzing data on this geographic regional breakdown. Winter weather is the most significant factor, followed by population concentrations.

Table 52 summarizes the critical performance variable operating profit on GFA for each region over the past five seasons. Only three regions improved in 1984-85: the California-Nevada region, the Pacific Northwest, and the Midwest regions.

The California-Nevada areas reported the best operating profit on GFA in 1984-85–9.6 percent. This compares to 7.1 percent for the average area. The California-Nevada areas had a higher revenue per skier visit, higher lift ticket price, lower operating cost per capacity ratio and greater profit before tax than the average area.

The Central Rockies areas continue to show good performances (8.3 percent operating profit on GFA) with only the poor snow year (1980-81) reflecting a poor year. These areas reported a longer season, more VTF/hour, greater utilization, higher revenue per skier visit, higher ticket price, greater capital cost/capacity ratio and higher profit before tax than the average area.

At the other end of the continuum we have the East and Ontario, which recorded a decrease in operating profit on GFA, a decrease in operating days and a decrease in skier visits. The Midwest areas have steadily improved over the five year period, with the exception of the 1982-83 loss year.

TABLE 52

FIVE YEAR COMPARISON
OPERATING PROFIT ON GFA

	1984-85	1983-84	1982-83	1981-82	1980-81
New England	7.3%	9.8%	2.8%	10.7%	6.0%
East & Ontario	3.7	8.6	2.7	13.8	11.8
Midwest	9.3	8.6	Loss	6.1	2.6
Central Rockies	8.3	9.6	8.3	13.0	3.9
Northern Rockies	0.5	2.8	2.7	23.2	3.8
California & Nevada	9.6	5.7	9.0	23.1	9.5
Pacific Northwest	5.8	4.2	5.3	6.5	0.3
TOTAL SAMPLE	7.1%	7.7%	5.7%	14.6%	5.5%

TABLE 53

AVERAGE SKI AREA CHARACTERISTICS BY GEOGRAPHIC LOCATION

	New England	East & Ontario	Midwest	Central Rockies	Northern Rockies	California & Nevada	Pacific Northwest
SIZE							
VTF/Hour (000)	6,299	4,353	2,205	10,254	7,954	8,446	7,657
Gross Fixed Assets (000)	$9,718	$6,887	$1,810	$18,028	$8,853	$11,968	$7,267
Skiable Acres	192	153	78	648	1,102	905	1,401
Total Acres	1,312	945	282	2,435	2,610	1,717	2,376
LOCATION							
Within 50 Miles of SMSA	30%	50%	50%	29%	55%	50%	29%
With 6+ Areas in 1 Hour	83%	13%	7%	19%	36%	39%	7%
SITE CHARACTERISTICS							
Number of Beds at Base	669	353	101	3,586	634	2,059	543
Number of Beds (10 Miles)	2,783	1,723	1,175	8,658	3,645	6,769	1,761
With Snowmaking	96%	100%	93%	81%	36%	50%	21%
With Night Skiing	30%	81%	79%	5%	27%	33%	50%
Terrain: Beginner	28%	28%	28%	24%	19%	22%	22%
Intermediate	52%	47%	53%	41%	53%	50%	52%
Expert	19%	25%	19%	34%	28%	28%	27%
BUSINESS CHARACTERISTICS							
Operating With USFS Permit	26%	0%	14%	90%	82%	94%	64%
Engaged in Land Development	61%	63%	21%	38%	36%	6%	36%
OPERATIONAL CHARACTERISTICS							
Average Days/Nights of Operation	109	103	113	140	143	138	160
Average Peak Day Crowd	4,746	4,702	2,551	6,157	4,180	5,887	4,454
Average Skier Visits (000)	181	145	67	376	206	283	208
Average Age of Ski Areas	28 years	24 years	25 years	25 years	28 years	25 years	20 years
ECONOMIC CHARACTERISTICS							
Average Revenue/Skier Visit	$18.20	$15.37	$13.48	$17.17	$14.88	$20.41	$13.31
Avg. Lift Ticket Revenue/S-V	$14.42	$11.80	$ 9.99	$15.39	$13.05	$17.39	$11.53
Avg. Adult Lift Ticket Price:(Weekend)	$20.47	$19.63	$15.07	$19.50	$17.64	$19.29	$17.11
:(Weekday)	$18.23	$16.81	$11.14	$19.29	$17.46	$18.74	$16.25
Average Night Ticket Price :(Weekend)	$10.94	$12.04	$ 9.59	$ 8.00	$ 8.50	$12.15	$10.56
:(Weekday)	$11.07	$11.27	$ 9.09	$ 8.00	$ 8.50	$11.35	$ 9.36
Avg. Adult Season Ticket Price	$ 419	$ 323	$ 220	$ 445	$ 336	$ 412	$ 359
Average Utilization	38.4%	47.5%	25.0%	51.2%	33.1%	33.7%	23.3%
Average Profit (Loss) Before Tax	$ 341	$ (116)	$ 88	$ 736	$ (238)	$ 756	$ 69
Ratio: Revenue/GFA	44.2%	35.7%	55.7%	41.1%	39.1%	50.0%	39.7%
Base	(23)	(16)	(14)	(21)	(11)	(18)	(14)

TABLE 54

ECONOMIC RATIOS--BY GEOGRAPHIC LOCATION

	Key	New England	East & Ontario	Midwest	Central Rockies	Northern Rockies	California & Nevada	Pacific Northwest
VTF/Hour (000)	A	6,299	4,353	2,205	10,254	7,954	8,446	7,657
VTF/Hour - Demand/Skier Capacity	B	1,500	1,500	1,000	2,001	1,865	1,500	1,471
Skier Capacity	C	4,199	2,902	2,205	5,124	4,266	5,631	5,205
Days/Nights of Operation	D	109	103	113	140	143	138	160
Season Capacity (000)	E	471	305	268	735	623	839	894
Day Season Capacity (000)		438	229	186	735	586	807	787
Night Season Capacity (000)		33	75	104	0	37	32	108
Actual Skier Visits (000)	F	181	145	67	376	206	283	208
Day Skier Visits (000)		170	109	46	376	199	256	163
Night Skier Visits (000)		12	35	28	0	7	9	47
Profit (Loss) Before Tax (000)	G	$ 341	$ (116)	$ 88	$ 736	$ (238)	$ 756	$ 69
Plus: Depreciation (000)	H	$ 588	$ 474	$ 110	$ 1,248	$ 546	$ 967	$ 426
Before Tax Cash Flow (000)	I	$ 929	$ 358	$ 198	$ 1,984	$ 308	$ 1,723	$ 495
Operating Profit (Loss) (000)	J	$ 712	$ 253	$ 169	$ 1,504	$ 44	$ 1,150	$ 425
Cash Operating Costs (000)	K	$3,000	$1,735	$ 730	$ 4,654	$2,875	$ 3,870	$2,031
Gross Fixed Assets (000)	L	$9,718	$6,887	$1,810	$18,028	$8,853	$11,968	$7,267
Long Term Debt (000)	M	$4,713	$1,829	$ 554	$ 8,861	$3,234	$ 3,116	$4,601
Equity (000)	N	$2,876	$1,540	$ 324	$ 8,728	$3,755	$ 4,038	$ 299
Critical Ratios								
1. Health (Debt to Cash Flow)		5.1X	5.1X	2.8X	4.5X	10.5X	1.8X	9.3X
Profitability:								
2. Operating Profit on GFA		7.3%	3.7%	9.3%	8.3%	0.5%	9.6%	5.8%
3. Profit (BT) on Equity		11.9%	Loss	27.2%	8.4%	Loss	18.7%	23.1%
Performance:								
4. Average Utilization		38.4%	47.5%	25.0%	51.2%	33.1%	33.7%	23.3%
Day Utilization		38.8%	47.6%	24.7%	51.2%	34.0%	31.7%	20.7%
Night Utilization		36.4%	47.8%	26.9%	-	18.9%	28.1%	43.5%
5. Days/Nights of Operation		109	103	113	140	143	138	160

TABLE 54 (Continued)

ECONOMIC RATIOS–BY GEOGRAPHIC LOCATION

Key	New England	East & Ontario	Midwest	Central Rockies	Northern Rockies	California & Nevada	Pacific Northwest
Policy & Planning:							
6. Capital/Capacity Ratio	$2,314	$2,373	$ 821	$3,518	$2,075	$2,125	$1,396
7. Operating Cost/Capacity Ratio	$ 6.37	$ 5.69	$ 2.72	$ 6.33	$ 4.61	$ 4.61	$ 2.27
Revenue/Skier Visit:							
Ski Lift Gross	$14.42	$11.80	$ 9.99	$15.39	$13.05	$17.39	$11.53
Ski School Margin	$ .55	$ .79	$ .10	$ .73	$ .44	$ .43	$ .09
Food Service Margin	$ .91	$ .72	$ .61	$ .30	$ .52	$ .65	$ .51
Bar Margin	$ .52	$ .44	$ .56	$ .25	$ .25	$ .34	$ .46
Ski Shop Margin	$ .74	$ .24	$ .25	$ .19	$ .16	$ .62	$ .33
Ski Rental Margin	$ .82	$ 1.14	$ 1.67	$ .26	$ .17	$ .86	$ .41
Other Margin	$ .24	$ .24	$ .30	$ .05	$ .29	$ .12	$ (.03)
8. Total - Revenue/Skier Visit	$18.20	$15.37	$13.48	$17.17	$14.88	$20.41	$13.31
Base	(23)	(16)	(14)	(21)	(11)	(18)	(14)

TABLE 55

AVERAGE SKI AREA FINANCIAL DATA–INCOME STATEMENT BY GEOGRAPHIC LOCATION

	New England (000)	East & Ontario (000)	Midwest (000)	Central Rockies (000)	Northern Rockies (000)	California & Nevada (000)	Pacific Northwest (000)
Gross Fixed Assets	$9,718	$6,887	$1,810	$18,028	$8,853	$11,968	$7,267
Revenue:							
Ski Lift Gross - Winter	$2,617	$1,714	$ 673	$ 5,781	$2,688	$ 4,920	$2,400
Ski Lift Gross - Summer	37	2	4	30	43	28	57
Supporting Margin - Winter	926	578	272	675	273	918	409
Supporting Margin - Summer	288	114	53	(66)	8	(1)	2
Year Round Margin	432	54	7	986	453	122	14
TOTAL REVENUE	$4,300	$2,462	$1,009	$ 7,406	$3,465	$ 5,987	$2,882
Less:							
Ski Lift Direct Expense	$ 591	$ 462	$ 200	$ 1,782	$ 800	$ 948	$ 802
Payroll Taxes	78	54	18	166	90	178	94
Property Operation	559	100	80	234	31	282	150
OPERATIONS MARGIN	$3,072	$1,846	$ 711	$ 5,224	$2,544	$ 4,579	$1,836
Less:							
General & Administrative	$ 576	$ 371	$ 180	$ 1,088	$ 690	$ 1,260	$ 459
Marketing (advertising, public relations, promotion, etc.)	402	192	61	531	221	213	200
Insurance (property, liability)	126	113	59	180	137	324	103
Land Use Fees (public)	64	1	0	182	39	128	62
Land Use Fees (private)	26	1	8	36	99	0	1
Property Taxes	69	43	17	195	95	181	58
Other Taxes (except income)	78	33	25	81	10	13	4
Snowmaking	303	334	60	145	40	143	6
Snow Removal	12	2	2	19	17	27	14
Miscellaneous	116	29	20	15	606	173	78
Depreciation & Amortization	588	474	110	1,248	546	967	426
OPERATING PROFIT (LOSS)	$ 712	$ 253	$ 169	$ 1,504	$ 44	$ 1,150	$ 425
Less: Interest	371	369	81	768	282	394	356
PROFIT (LOSS) BEFORE TAX	$ 341	$ (116)	$ 88	$ 736	$ (238)	$ 756	$ 69
Base	(23)	(16)	(14)	(21)	(11)	(18)	(14)

TABLE 56

AVERAGE SKI AREA FINANCIAL DATA–INCOME STATEMENT
BY GEOGRAPHIC LOCATION

	Percent of Gross Fixed Assets						
	New England	East & Ontario	Midwest	Central Rockies	Northern Rockies	California & Nevada	Pacific Northwest
Gross Fixed Assets	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Revenue:							
Ski Lift Gross - Winter	26.9%	24.9%	37.2%	32.1%	30.4%	41.1%	33.0%
Ski Lift Gross - Summer	0.4	0.0	0.2	0.2	0.5	0.2	0.8
Supporting Margin - Winter	9.5	8.4	15.0	3.7	3.1	7.7	5.6
Supporting Margin - Summer	3.0	1.7	2.9	(0.4)	0.1	0.0	0.0
Year Round Margin	4.4	0.7	0.4	5.5	5.0	1.0	0.3
TOTAL REVENUE	44.2%	35.7%	55.7%	41.1%	39.1%	50.0%	39.7%
Less:							
Ski Lift Direct Expense	6.1%	6.7%	11.0%	9.9%	9.0%	7.9%	11.0%
Payroll Taxes	0.8	0.8	1.0	0.9	1.0	1.5	1.3
Property Operation	5.9	1.4	4.4	1.3	0.4	2.3	2.1
OPERATIONS MARGIN	31.4%	26.8%	39.3%	29.0%	28.7%	38.3%	25.3%
Less:							
General & Administrative	5.9%	5.4%	9.9%	6.1%	7.8%	10.5%	6.3%
Marketing (advertising, public relations, promotion, etc.)	4.1	2.8	3.4	2.9	2.5	1.8	2.8
Insurance (property, liability)	1.3	1.6	3.3	1.0	1.5	2.7	1.4
Land Use Fees (public)	0.7	0.0	0.0	1.0	0.4	1.1	0.9
Land Use Fees (private)	0.3	0.0	0.4	0.2	1.1	0.0	0.0
Property Taxes	0.7	0.6	0.9	1.1	1.1	1.5	0.8
Other Taxes (except income)	0.8	0.5	1.4	0.4	0.1	0.1	0.1
Snowmaking	3.1	4.8	3.3	0.8	0.5	1.2	0.1
Snow Removal	0.1	0.0	0.1	0.1	0.2	0.2	0.2
Miscellaneous	1.2	0.5	1.2	0.1	6.8	1.5	1.0
Depreciation & Amortization	6.1	6.9	6.1	7.0	6.2	8.1	5.9
OPERATING PROFIT (LOSS)	7.3%	3.7%	9.3%	8.3%	0.5%	9.6%	5.8%
Less: Interest	3.8	5.4	4.4	4.2	(3.2)	3.3	4.9
PROFIT (LOSS) BEFORE TAX	3.5%	(1.7)%	4.9%	4.1%	(2.7)%	6.3%	0.9%
Base	(23)	(16)	(14)	(21)	(11)	(18)	(14)

TABLE 57

AVERAGE SKI AREA FINANCIAL DATA–INCOME STATEMENT BY GEOGRAPHIC LOCATION

	Percent of Revenue						
	New England	East & Ontario	Midwest	Central Rockies	Northern Rockies	California & Nevada	Pacific Northwest
Revenue:							
Ski Lift Gross - Winter	60.9%	69.6%	66.7%	78.1%	77.6%	82.2%	83.3%
Ski Lift Gross - Summer	0.9	0.0	0.4	0.4	1.2	0.5	2.0
Supporting Margin - Winter	21.5	23.5	27.0	9.1	7.9	15.3	14.2
Supporting Margin - Summer	6.7	4.6	5.3	(0.9)	0.2	0.0	0.1
Year Round Margin	10.0	2.3	0.6	13.3	13.1	2.0	0.4
TOTAL REVENUE	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Less:							
Ski Lift Direct Expense	13.7%	18.8%	19.8%	24.1%	23.1%	15.8%	27.8%
Payroll Taxes	1.8	2.2	1.8	2.2	2.6	3.0	3.3
Property Operation	13.1	4.0	7.9	3.2	0.9	4.7	5.2
OPERATIONS MARGIN	71.4%	75.0%	70.5%	70.5%	73.4%	76.5%	63.7%
Less:							
General & Administrative	13.4%	15.1%	17.8%	14.7%	19.9%	21.0%	15.9%
Marketing (advertising, public relations, promotion, etc.)	9.3	7.8	6.0	7.2	6.4	3.6	6.9
Insurance (property, liability)	2.9	4.6	5.8	2.4	4.0	5.4	3.6
Land Use Fees (public)	1.5	0.0	0.0	2.4	1.1	2.1	2.2
Land Use Fees (private)	0.6	0.0	0.8	0.5	2.9	0.0	0.0
Property Taxes	1.6	1.7	1.7	2.6	2.7	3.0	2.0
Other Taxes (except income)	1.8	1.3	2.5	1.0	0.3	0.2	0.1
Snowmaking	7.0	13.6	5.9	2.0	1.1	2.4	0.2
Snow Removal	0.3	0.1	0.2	0.3	0.5	0.5	0.5
Miscellaneous	2.7	1.2	2.2	0.2	17.4	2.9	2.8
Depreciation & Amortization	13.7	19.3	10.9	16.9	15.8	16.2	14.8
OPERATING PROFIT (LOSS)	16.6%	10.3%	16.7%	20.3%	1.3%	19.2%	14.7%
Less: Interest	8.7	15.0	8.0	10.4	8.2	6.6	12.3
PROFIT (LOSS) BEFORE TAX	7.9%	(4.7)%	8.7%	9.9%	(6.9)%	12.6%	2.4%
Base	(23)	(16)	(14)	(21)	(11)	(18)	(14)

TABLE 58

SKI LIFT DEPARTMENT DIRECT COST BREAKDOWN BY GEOGRAPHIC LOCATION

	New England	East & Ontario	Midwest	Central Rockies	Northern Rockies	California & Nevada	Pacific Northwest
SKI LIFT GROSS:							
Revenue (Winter)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
LESS:							
Ski Lift Payroll	4.5%	5.3%	12.1%	6.8%	5.6%	5.7%	5.6%
Ski Patrol Payroll	1.8	1.2	0.6	3.7	4.2	2.4	3.0
Slope Maintenance Payroll	1.4	1.8	2.9	2.9	2.5	2.1	2.1
Maintenance & Repair Payroll	2.0	2.7	1.7	4.2	3.3	2.9	2.7
Ticket Sales Payroll	0.8	0.6	1.5	1.7	1.4	1.1	1.2
Other Payroll	0.6	0.6	1.4	2.1	1.2	1.1	0.8
TOTAL PAYROLL	11.1%	12.2%	20.2%	21.4%	18.2%	15.3%	15.4%
PAYROLL TAXES	2.7%	2.4%	2.9%	2.8%	3.1%	4.0%	2.9%
OTHER DIRECT	7.4%	11.5%	9.5%	10.3%	10.2%	7.1%	11.5%
GROSS MARGIN	78.8%	73.9%	67.4%	65.5%	68.5%	73.6%	70.2%
Base	(16)	(9)	(9)	(16)	(11)	(10)	(10)

TABLE 59

AVERAGE SKI AREA FINANCIAL DATA–BALANCE SHEET BY GEOGRAPHIC LOCATION

	New England (000)	East & Ontario (000)	Midwest (000)	Central Rockies (000)	Northern Rockies (000)	California & Nevada (000)	Pacific Northwest (000)
Assets							
Current Assets	$2,283	$ 658	$ 227	$ 4,004	$ 900	$ 1,339	$ 734
Gross Fixed Assets	9,800	7,146	1,935	18,877	8,853	11,968	7,267
Less: Depreciation	(3,947)	(3,007)	(1,066)	(5,826)	(3,239)	(5,828)	(2,656)
Other Assets	1,169	463	75	4,924	1,462	1,296	439
TOTAL ASSETS	$9,305	$5,260	$1,171	$21,979	$7,976	$ 8,775	$5,784
Liabilities & Net Worth							
Current Liabilities	$1,478	$1,636	$ 281	$ 2,190	$ 827	$ 1,086	$ 786
Long-Term Debt	3,858	1,494	505	8,060	1,554	1,902	3,800
Subordinated Debt	855	335	49	801	1,680	1,214	801
Deferred Taxes	189	132	12	821	82	71	66
Other Liabilities	49	123	0	1,379	78	464	32
Net Worth							
Invested	1,851	589	199	5,060	2,328	1,610	986
Retained Earnings	1,025	951	125	3,668	1,427	2,428	(687)
TOTAL LIABILITIES & NET WORTH	$9,305	$5,260	$1,171	$21,979	$7,976	$ 8,775	$5,784
Base	(22)	(15)	(13)	(20)	(11)	(18)	(14)

TABLE 60

AVERAGE SKI AREA FINANCIAL DATA–DEPARTMENTAL MARGIN NEW ENGLAND SKI AREAS, 1984-85

	Gross Sales		Less:					
	Per S-V[a]	%	Cost of Goods Sold	Direct Labor	Direct Other	Payroll Taxes	Gross Margin	Base
WINTER SEASON:								
Ski Lift Dept.	$14.42	100.0%	- %	12.5%	8.7%	2.7%	76.1%	(23)
Ski School	1.55	100.0%	-	42.4	8.6	9.7	39.3	(19)
Food Service	3.77	100.0%	34.5	24.4	10.0	4.5	26.6	(17)
Bar	1.31	100.0%	26.1	12.8	8.5	2.4	50.2	(16)
Retail	2.84	100.0%	53.8	7.9	3.2	1.5	33.6	(12)
Rental	1.30	100.0%	9.7[b]	15.0	4.6	3.0	67.7	(19)
Accommodations	-	100.0%	-	22.1	28.2	5.3	44.4	(12)
Other	.61	100.0%	6.5	27.2	20.6	6.3	39.4	(21)
	$25.80							
YEAR ROUND:								
Real Estate		100.0%	60.7	7.3	8.1	0.1	23.8	(8)
Utility		100.0%	-	22.7	47.3	5.1	24.9	(5)
Miscellaneous		100.0%	4.0	4.3	0.2	0.0	91.5	(14)
SUMMER SEASON:								
Lift Department		100.0%	-	63.8	35.5	17.3	(16.6)	(8)
Food Service		100.0%	38.5	35.7	10.1	5.8	9.9	(15)
Retail		100.0%	62.3	17.9	6.7	4.3	8.8	(11)
Sports		100.0%	-	33.9	28.3	8.9	28.9	(7)
Accommodations		100.0%	-	29.9	23.3	6.6	40.2	(12)
Slide		100.0%	1.2	19.0	9.7	3.5	66.6	(5)
Other		100.0%	10.9	17.4	22.9	3.3	45.5	(13)

[a] Calculations restricted to ski areas having departments listed above.

[b] Represents retirement and replacement of rental equipment.

TABLE 60 (Continued)

AVERAGE SKI AREA FINANCIAL DATA–DEPARTMENTAL MARGIN EAST & ONTARIO SKI AREAS, 1984-85

	Gross Sales		Less:					
	Per S-V[a]	%	Cost of Goods Sold	Direct Labor	Direct Other	–Payroll Taxes	Gross Margin	Base
WINTER SEASON:								
Ski Lift Dept.	$11.80	100.0%	- %	12.9%	13.9%	2.9%	70.3%	(16)
Ski School	1.57	100.0%	-	34.7	5.8	6.8	52.7	(15)
Food Service	2.80	100.0%	35.9	22.1	9.5	3.9	28.6	(14)
Bar	1.50	100.0%	26.8	16.9	8.5	1.7	46.1	(11)
Retail	.92	100.0%	54.0	11.1	2.6	0.4	31.9	(5)
Rental	2.13	100.0%	14.4[b]	13.8	6.0	2.5	63.3	(13)
Accommodations	-	100.0%	-	24.4	39.9	3.5	32.2	(6)
Other	.33	100.0%	3.9	14.2	8.8	2.6	70.5	(15)
	$21.05							
YEAR ROUND:								
Real Estate		100.0%	0.0	85.7	10.7	0.0	3.6	(1)
Utility		100.0%	-	43.2	49.1	8.7	(1.0)	(3)
Miscellaneous		100.0%	10.5	9.4	6.6	4.0	69.5	(13)
SUMMER SEASON:								
Lift Department		100.0%	-	155.3	78.9	150.0	(284.2)	(2)
Food Service		100.0%	35.6	31.9	13.2	4.6	14.7	(7)
Retail		100.0%	63.6	19.8	2.7	0.5	13.4	(3)
Sports		100.0%	-	36.3	42.0	4.6	17.1	(3)
Accommodations		100.0%	-	24.4	25.9	1.8	47.9	(4)
Slide		100.0%	0.0	24.9	11.5	5.8	57.8	(4)
Other		100.0%	4.9	36.6	34.1	2.4	22.0	(5)

[a] Calculations restricted to ski areas having departments listed above.

[b] Represents retirement and replacement of rental equipment.

TABLE 60 (Continued)

AVERAGE SKI AREA FINANCIAL DATA–DEPARTMENTAL MARGIN MIDWEST SKI AREAS, 1984-85

	Gross Sales		Less:					
	Per S-V[a]	%	Cost of Goods Sold	Direct Labor	Direct Other	Payroll Taxes	Gross Margin	Base
WINTER SEASON:								
Ski Lift Dept.	$ 9.99	100.0%	- %	19.1%	10.4%	2.7%	67.8%	(14)
Ski School	.71	100.0%	-	57.9	14.5	7.9	19.7	(10)
Food Service	2.45	100.0%	39.2	25.0	8.2	2.6	25.0	(13)
Bar	1.44	100.0%	29.8	15.4	7.8	1.7	45.3	(10)
Retail	1.53	100.0%	64.9	12.9	3.5	1.7	17.0	(8)
Rental	2.59	100.0%	9.3[b]	15.9	4.3	2.3	68.2	(13)
Accommodations	-	100.0%	..	20.7	38.6	1.5	39.2	(3)
Other	.53	100.0%	2.4	17.3	11.9	0.4	68.0	(10)
	$19.24							
YEAR ROUND:								
Real Estate		100.0%	0.0	0.0	0.0	0.0	100.0	(1)
Utility		100.0%	-	71.4	57.2	0.0	(28.6)	(1)
Miscellaneous		100.0%	0.0	0.0	5.6	0.0	94.4	(6)
SUMMER SEASON:								
Lift Department		100.0%	-	20.0	8.0	2.0	70.0	(1)
Food Service		100.0%	36.2	26.3	8.1	4.2	25.2	(5)
Retail		100.0%	50.0	12.5	0.0	0.0	37.5	(2)
Sports		100.0%	-	15.0	11.3	1.9	71.8	(3)
Accommodations		100.0%	-	20.6	46.2	2.7	30.5	(3)
Slide		100.0%	0.0	-	-	-	-	(0)
Other		100.0%	29.8	36.2	104.2	6.4	(76.6)	(4)

[a] Calculations restricted to ski areas having departments listed above.

[b] Represents retirement and replacement of rental equipment.

TABLE 60 (Continued)

AVERAGE SKI AREA FINANCIAL DATA–DEPARTMENTAL MARGIN CENTRAL ROCKIES SKI AREAS, 1984-85

	Gross Sales		Less:					
	Per S-V[a]	%	Cost of Goods Sold	Direct Labor	Direct Other	Payroll Taxes	Gross Margin	Base
WINTER SEASON:								
Ski Lift Dept.	$15.39	100.0%	- %	20.0%	10.2%	2.8%	67.0%	(21)
Ski School	2.54	100.0%	-	57.7	4.2	8.8	29.3	(19)
Food Service	3.00	100.0%	30.9	30.4	23.0	3.5	12.2	(13)
Bar	.74	100.0%	21.5	7.2	5.4	1.9	64.0	(7)
Retail	1.01	100.0%	53.9	12.7	6.7	2.4	24.3	(13)
Rental	1.02	100.0%	11.5[b]	27.1	16.0	4.7	40.7	(13)
Accommodations	-	100.0%	-	43.9	37.4	8.0	10.7	(1)
Other	.77	100.0%	7.0	46.8	20.9	4.7	20.6	(18)
	$24.47							
YEAR ROUND:								
Real Estate		100.0%	48.2	3.9	12.4	0.3	35.2	(6)
Utility		-	-	-	-	-	-	(0)
Miscellaneous		100.0%	0.0	2.6	36.9	1.1	59.4	(14)
SUMMER SEASON:								
Lift Department		100.0%	-	72.6	46.6	8.6	(27.8)	(5)
Food Service		100.0%	27.6	95.5	52.8	6.4	(82.3)	(6)
Retail		100.0%	73.2	20.1	16.9	4.0	(14.2)	(3)
Sports		100.0%	-	563.6	168.2	109.1	(740.9)	(2)
Accommodations		100.0%	-	106.9	63.4	17.5	(87.8)	(1)
Slide		100.0%	0.0	37.7	18.4	8.5	35.4	(3)
Other		100.0%	8.3	65.1	38.8	3.1	(15.3)	(3)

[a] Calculations restricted to ski areas having departments listed above.

[b] Represents retirement and replacement of rental equipment.

TABLE 60 (Continued)

AVERAGE SKI AREA FINANCIAL DATA–DEPARTMENTAL MARGIN NORTHERN ROCKIES SKI AREAS, 1984-85

	Gross Sales		Less:					
	Per S-V[a]	%	Cost of Goods Sold	Direct Labor	Direct Other	Payroll Taxes	Gross Margin	Base
WINTER SEASON:								
Ski Lift Dept.	$13.05	100.0%	- %	18.2%	10.2%	3.1%	68.5%	(11)
Ski School	1.93	100.0%	-	54.1	10.4	7.6	27.9	(9)
Food Service	4.19	100.0%	37.9	28.5	6.9	4.9	21.8	(6)
Bar	.50	100.0%	27.0	20.1	17.9	3.5	31.5	(5)
Retail	.86	100.0%	59.1	9.6	3.5	1.5	26.3	(5)
Rental	1.25	100.0%	16.2[b]	26.4	2.1	7.7	47.6	(5)
Accommodations	-	100.0%	-	25.9	52.6	3.3	18.2	(2)
Other	.41	100.0%	0.0	134.3	26.6	34.1	(95.0)	(8)
	$22.19							
YEAR ROUND:								
Real Estate		100.0%	37.6	1.7	4.8	0.0	55.9	(1)
Utility		100.0%	-	65.7	88.6	11.4	(65.7)	(2)
Miscellaneous		100.0%	13.2	2.5	0.5	0.3	83.5	(4)
SUMMER SEASON:								
Lift Department		100.0%	-	44.3	38.0	4.5	13.2	(2)
Food Service		100.0%	35.1	45.7	6.3	10.9	2.0	(3)
Retail		100.0%	66.7	0.0	0.0	0.0	33.3	(1)
Sports		-	-	-	-	-	-	(0)
Accommodations		-	-	-	-	-	-	(0)
Slide		-	-	-	-	-	-	(0)
Other		-	-	-	-	-	-	(0)

[a] Calculations restricted to ski areas having departments listed above.

[b] Represents retirement and replacement of rental equipment.

TABLE 60 (Continued)

AVERAGE SKI AREA FINANCIAL DATA–DEPARTMENTAL MARGIN CALIFORNIA/NEVADA SKI AREAS, 1984-85

	Gross Sales		Less:					
	Per S-V [a]	%	Cost of Goods Sold	Direct Labor	Direct Other	Payroll Taxes	Gross Margin	Base
WINTER SEASON:								
Ski Lift Dept.	$17.39	100.0%	- %	13.1%	5.6%	3.5%	77.8%	(18)
Ski School	1.35	100.0%	-	47.0	4.9	13.5	34.6	(18)
Food Service	3.07	100.0%	39.2	24.9	5.0	6.7	24.2	(13)
Bar	.77	100.0%	29.2	12.6	6.7	2.9	48.6	(11)
Retail	2.31	100.0%	49.9	10.2	2.8	2.6	34.5	(11)
Rental	1.54	100.0%	11.0[b]	18.7	3.2	3.9	63.2	(15)
Accommodations	-	100.0%	-	34.5	23.4	10.9	31.2	(7)
Other	.73	100.0%	5.3	53.7	4.8	14.2	22.0	(14)
	$27.16							
YEAR ROUND:								
Real Estate		100.0%	0.0	67.1	38.0	0.0	(5.1)	(1)
Utility		100.0%	-	21.4	170.9	2.2	(94.5)	(1)
Miscellaneous		100.0%	0.5	3.1	0.2	0.6	95.6	(5)
SUMMER SEASON:								
Lift Department		100.0%	-	24.0	26.5	16.3	33.2	(3)
Food Service		100.0%	43.8	34.9	9.5	6.8	5.0	(3)
Retail		100.0%	70.8	26.9	19.3	3.8	(20.8)	(1)
Sports		-	-	-	-	-	-	(0)
Accommodations		100.0%	-	61.5	215.4	11.5	(188.4)	(2)
Slide		-	-	-	-	-	-	(0)
Other		100.0%	0.0	28.8	52.3	5.4	13.5	(2)

[a] Calculations restricted to ski areas having departments listed above.

[b] Represents retirement and replacement of rental equipment.

TABLE 60 (Continued)

AVERAGE SKI AREA FINANCIAL DATA–DEPARTMENTAL MARGIN PACIFIC NORTHWEST SKI AREAS, 1984-85

	Gross Sales		Less:					
	Per S-V[a]	%	Cost of Goods Sold	Direct Labor	Direct Other	Payroll Taxes	Gross Margin	Base
WINTER SEASON:								
Ski Lift Dept.	$11.53	100.0%	- %	19.0%	12.8%	3.6%	64.6%	(14)
Ski School	.87	100.0%	-	63.3	15.5	10.8	10.4	(12)
Food Service	2.48	100.0%	33.3	25.7	14.6	4.2	22.2	(12)
Bar	1.32	100.0%	24.3	17.4	15.8	2.9	39.6	(11)
Retail	1.61	100.0%	52.4	12.3	4.7	2.0	28.6	(8)
Rental	1.16	100.0%	15.9[b]	24.6	9.7	4.1	45.7	(8)
Accommodations	-	100.0%	-	36.5	25.7	6.1	31.7	(5)
Other	.23	100.0%	3.6	82.4	18.9	11.0	(15.9)	(12)
	$19.20							
YEAR ROUND:								
Real Estate		100.0%	130.7	20.5	30.1	3.0	(84.3)	(1)
Utility		100.0%	-	57.4	107.8	10.2	(75.4)	(6)
Miscellaneous		100.0%	0.0	30.8	0.0	8.4	60.8	(9)
SUMMER SEASON:								
Lift Department		100.0%	-	40.9	27.5	10.6	21.0	(4)
Food Service		100.0%	34.1	35.1	14.1	7.1	9.6	(6)
Retail		100.0%	53.8	17.4	4.3	3.7	20.8	(3)
Sports		100.0%	-	71.4	14.3	14.3	0.0	(1)
Accommodations		100.0%	-	28.5	26.7	5.5	39.3	(3)
Slide		-	-	-	-	-	-	(0)
Other		100.0%	0.0	356.8	559.1	63.6	(879.5)	(3)

[a] Calculations restricted to ski areas having departments listed above.

[b] Represents retirement and replacement of rental equipment.

VIII

CHARACTERISTICS BY SIZE; DAY, WEEKEND, AND VACATION SKI AREAS; AND LENGTH OF SKI SEASON

Several additional computer runs provide the same data by other distinct categories. This chapter presents this data with a brief discussion of relevant findings. Because of the large number of tables, they follow the text.

Characteristics by Size

Tables 61 through 67 contain all the various statistics by ski area size. Categories divide ski areas by total VTF/hour into five increments. The category "under 2,500" contains the smallest areas while "10,000+" has the giants. In general, revenue and profitability increase as ski areas get larger.

Characteristics by Day, Weekend, Vacation and Weekend Only Areas

Tables 68 through 74 contain the statistics by ski area type. This category refers to areas designed to serve functional markets. Areas may be defined as day use oriented where skiers commute from home for the day; weekend use oriented where skiers typically spend one or two overnights at the areas, typically on weekend outings; and vacation use oriented where average stays are seven days. Operating profit on GFA is best this year at day areas. On the average, vacation areas reported the highest profit before taxes.

Characteristics by Length of Ski Season

Ski areas are characteristically high fixed cost operations with heavy investment in fixed assets and a relatively short operating season. Thus the length of the ski season is a critical variable to profitability. Again, the key measure, operating profit on GFA, tended to increase with the length of the season.

TABLE 61

AVERAGE SKI AREA CHARACTERISITICS–BY SIZE (000 VTF/HOUR)

	Under 2,500	2,500 - 3,999	4,000 - 5,499	5,500 - 9,999	10,000+
SIZE					
VTF/Hour (000)	1,636	3,189	4,649	7,430	17,718
Gross Fixed Assets (000)	$2,402	$4,807	$4,231	$10,589	$27,761
Skiable Acres	77	149	444	651	1,636
Total Acres	305	765	942	1,822	4,471
LOCATION					
Within 50 Miles of SMSA	50%	29%	42%	39%	19%
With 6+ Areas in 1 Hour	13%	35%	29%	32%	52%
New England	21%	35%	17%	16%	14%
East	17%	29%	8%	13%	5%
Midwest	42%	6%	17%	0%	0%
Central Rockies	8%	18%	8%	19%	38%
Northern Rockies	0%	6%	8%	19%	10%
California & Nevada	8%	6%	25%	19%	14%
Pacific Northwest	4%	0%	17%	13%	19%
SITE CHARACTERISTICS					
Number of Beds at Base	71	92	173	994	5,293
Number of Beds (10 Miles)	2,946	753	2,220	3,163	11,503
With Snowmaking	79%	77%	67%	65%	76%
With Night Skiing	67%	53%	42%	29%	19%
Terrain: Beginner	29%	28%	23%	23%	22%
Intermediate	51%	48%	52%	48%	49%
Expert	20%	24%	25%	29%	29%
BUSINESS CHARACTERISTICS					
Operating With USFS Permit	13%	24%	67%	77%	71%
Engaged in Land Development	21%	35%	29%	52%	52%
OPERATIONAL CHARACTERISTICS					
Average Days/Nights of Operation	103	122	132	132	150
Average Peak Day Crowd	1,956	3,497	3,263	5,202	10
Average Skier Visits (000)	60	112	121	232	577
Average Age of Ski Areas	22 years	28 years	26 years	26 years	24 years
ECONOMIC CHARACTERISTICS					
Average Revenue/Skier Visit	$12.93	$14.64	$13.56	$16.59	$18.92
Average Lift Ticket Revenue/S-V	$ 8.94	$10.97	$11.03	$14.10	$16.71
Average Adult Lift Ticket Price:					
(Weekend)	$15.26	$18.41	$17.69	$19.72	$22.43
(Weekday)	$12.57	$16.53	$16.17	$18.46	$22.05
Average Night Ticket Price:					
(Weekend)	$ 8.85	$12.61	$11.17	$12.14	$ 9.87
(Weekday)	$ 8.94	$12.28	$10.11	$11.08	$ 8.87
Average Adult Season Ticket Price	$ 232	$ 306	$ 342	$ 430	$ 527
Average Utilization	43.8%	44.4%	28.6%	38.9%	36.5%
Avg. Profit (Loss) Before Tax (000)	$ 64	$ (27)	$ 5	$ 406	$ 993
Ratio: Revenue/GFA	47.3%	35.6%	42.5%	42.3%	43.9%
Base	(24)	(17)	(24)	(31)	(21)

TABLE 62

ECONOMIC RATIOS–BY SIZE (000) VTF/HOUR)

	Key	Under 2,500	2,500 - 3,999	4,000 - 5,499	5,500 - 9,999	10,000+
VTF/Hour (000)	A	1,636	3,189	4,649	7,430	17,718
VTF/Hour - Demand/Skier Visit	B	1,287	1,538	1,451	1,617	1,711
Skier Capacity	C	1,271	2,074	3,205	4,596	10,356
Days/Nights of Operation	D	103	122	132	132	150
Season Capacity (000)	E	137	252	423	596	1,579
Day Ski Capacity (000)		104	180	371	556	1,528
Night Ski Capacity (000)		50	136	139	138	270
Actual Skier Visits (000)	F	60	112	121	232	577
Day Ski Visits (000)		48	83	97	219	551
Night Ski Visits (000)		19	56	33	40	69
Profit (Loss) Before Tax (000)	G	$ 64	$ (27)	$ 5	$ 406	$ 993
Plus: Depreciation (000)	H	$ 134	$ 270	$ 278	$ 689	$ 2,019
Before Tax Cash Flow (000)	I	$ 198	$ 243	$ 283	$ 1,095	$ 3,012
Operating Profit (Loss) (000)	J	$ 138	$ 172	$ 186	$ 887	$ 2,062
Cash Operating Costs (000)	K	$ 865	$1,267	$1,335	$ 2,906	$ 8,097
Gross Fixed Assets (000)	L	$2,402	$4,807	$4,231	$10,589	$27,761
Long Term Debt (000)	M	$ 869	$1,877	$1,433	$ 5,409	$10,583
Equity (000)	N	$ 321	$ 876	$1,289	$ 3,475	$10,692
Critical Ratios						
1. Health (Debt to Cash Flow)		4.4X	7.7X	5.1X	4.9X	3.5X
Profitability:						
2. Operating Profit on GFA		5.7%	3.6%	4.4%	8.4%	7.4%
3. Profit (BT) on Equity		19.9%	Loss	0.4%	11.7%	9.3%
Performance:						
4. Average Utilization		43.8%	44.4%	28.6%	38.9%	36.5%
Day Utilization		46.2%	46.1%	37.2%	39.4%	36.1%
Night Utilization		38.0%	41.1%	23.7%	29.8%	25.6%
5. Days/Nights of Operation		103	122	132	132	150
Policy & Planning:						
6. Capital/Çapacity Ratio		$1,899	$2,318	$1,320	$2,304	$2,681
7. Operating/Capacity		$ 6.31	$ 5.03	$ 3.16	$ 4.88	$ 5.13
Revenue/Skier Visit: (Average of All Areas)						
Ski Lift Gross		$ 8.94	$10.97	$11.03	$14.10	$16.71
Ski School Margin		$ .40	$ .79	$ .46	$ .32	$ .64
Food Service Margin		$ .83	$ .48	$ .55	$ .64	$ .50
Bar Margin		$ .49	$ .40	$ .42	$ .24	$ .41
Ski Shop Margin		$ .49	$ .22	$ .28	$ .47	$ .37
Ski Rental Margin		$ 1.41	$ 1.32	$ .72	$ .64	$ .36
Other Margin		$ .37	$ .46	$ .10	$ .18	$ (.07)
8. Total - Revenue/Skier Visit		$12.93	$14.64	$13.56	$16.59	$18.92
Base		(24)	(17)	(24)	(31)	(21)

TABLE 63

AVERAGE SKI AREA FINANCIAL DATA–INCOME STATEMENT BY SIZE (000 VTF/HOUR)

	Under 2,500 (000)	2,500 - 3,999 (000)	4,000 - 5,499 (000)	5,500 - 9,999 (000)	10,000+ (000)
Gross Fixed Assets	$2,402	$4,807	$4,231	$10,589	$27,761
Revenue:					
Ski Lift Gross - Winter	$ 540	$1,230	$1,340	$ 3,276	$ 9,646
Ski Lift Gross - Summer	0	6	29	38	68
Supporting Margin - Winter	367	411	369	629	1,411
Supporting Margin - Summer	215	49	33	49	(19)
Year Round Margin	15	13	28	490	1,072
TOTAL REVENUE	$1,137	$1,709	$1,799	$ 4,482	$12,178
Less:					
Ski Lift Direct Expense	$ 192	$ 367	$ 448	$ 929	$ 2,281
Payroll Taxes	20	41	57	122	264
Property Operation	187	115	100	230	575
OPERATIONS MARGIN	$ 738	$1,186	$1,194	$ 3,201	$ 9,058
Less:					
General & Administrative	$ 188	$ 261	$ 295	$ 737	$ 2,019
Marketing (advertising, public relations, promotion, etc.)	106	130	116	268	835
Insurance (property, liability)	54	80	82	163	401
Land Use Fees (public)	2	14	37	68	269
Land Use Fees (private)	15	4	8	13	75
Property Taxes	20	33	37	82	346
Other Taxes (except income)	7	33	4	18	162
Snowmaking	67	181	90	208	286
Snow Removal	4	1	6	16	39
Miscellaneous	3	7	55	52	545
Depreciation & Amortization	134	270	278	689	2,019
OPERATING PROFIT (LOSS)	$ 138	$ 172	$ 186	$ 887	$ 2,062
Less: Interest	74	199	181	481	1,069
PROFIT (LOSS) BEFORE TAX	$ 64	$ (27)	$ 5	$ 406	$ 993
Base	(24)	(17)	(24)	(31)	(21)

TABLE 64

AVERAGE SKI AREA FINANCIAL DATA–INCOME STATEMENT BY SIZE (000 VTF/HOUR)

	Percent of Gross Fixed Assets				
	Under 2,500	2,500 - 3,999	4,000 - 5,499	5,500 - 9,999	10,000+
Gross Fixed Assets	100.0%	100.0%	100.0%	100.0%	100.0%
Revenue:					
Ski Lift Gross - Winter	22.5%	25.6%	31.7%	30.9%	34.7%
Ski Lift Gross - Summer	0.0	0.1	0.7	0.4	0.2
Supporting Margin - Winter	15.3	8.6	8.7	5.9	5.1
Supporting Margin - Summer	9.0	1.0	0.8	0.5	(0.1)
Year Round Margin	0.5	0.3	0.6	4.6	4.0
TOTAL REVENUE	47.3%	35.6%	42.5%	42.3%	43.9%
Less:					
Ski Lift Direct Expense	8.0%	7.6%	10.6%	8.8%	8.2%
Payroll Taxes	0.8	0.9	1.3	1.2	1.0
Property Operation	7.8	2.4	2.4	2.1	2.1
OPERATIONS MARGIN	30.7%	24.7%	28.2%	30.2%	32.6%
Less:					
General & Administrative	7.8%	5.4%	7.0%	7.0%	7.3%
Marketing (advertising, public relations, promotion, etc.)	4.4	2.7	2.7	2.5	3.0
Insurance (property, liability)	2.2	1.7	1.9	1.5	1.4
Land Use Fees (public)	0.1	0.3	0.9	0.6	1.0
Land Use Fees (private)	0.6	0.1	0.2	0.1	0.3
Property Taxes	0.8	0.7	0.9	0.8	1.2
Other Taxes (except income)	0.3	0.7	0.1	0.2	0.6
Snowmaking	2.8	3.8	2.1	2.0	1.0
Snow Removal	0.2	0.0	0.1	0.2	0.1
Miscellaneous	0.2	0.1	1.3	0.4	2.0
Depreciation & Amortization	5.6	5.6	6.6	6.5	7.3
OPERATING PROFIT (LOSS)	5.7%	3.6%	4.4%	8.4%	7.4%
Less: Interest	3.1	4.2	4.3	4.6	3.8
PROFIT (LOSS) BEFORE TAX	2.6%	(0.6)%	0.1%	3.8%	3.6%
Base	(24)	(17)	(24)	(31)	(21)

TABLE 65

AVERAGE SKI AREA FINANCIAL DATA–INCOME STATEMENT BY SIZE (000 VTF/HOUR)

	Percent of Revenue				
	Under 2,500	2,500 - 3,999	4,000 - 5,499	5,500 - 9,999	10,000+
Revenue:					
Ski Lift Gross - Winter	47.4%	72.0%	74.5%	73.1%	79.2%
Ski Lift Gross - Summer	0.0	0.4	1.6	0.8	0.6
Supporting Margin - Winter	32.3	24.0	20.5	14.0	11.6
Supporting Margin - Summer	18.9	2.9	1.8	1.1	(0.2)
Year Round Margin	1.4	0.7	1.6	11.0	8.8
TOTAL REVENUE	100.0%	100.0%	100.0%	100.0%	100.0%
Less:					
Ski Lift Direct Expense	16.9%	21.5%	24.9%	20.7%	18.7%
Payroll Taxes	1.8	2.4	3.2	2.7	2.2
Property Operation	16.4	6.7	5.5	5.2	4.7
OPERATIONS MARGIN	64.9%	69.4%	66.4%	71.4%	74.4%
Less:					
General & Administrative	16.5%	15.3%	16.4%	16.4%	16.6%
Marketing (advertising, public relations, promotion, etc.)	9.3	7.6	6.4	6.0	6.9
Insurance (property, liability)	4.7	4.7	4.6	3.6	3.3
Land Use Fees (public)	0.2	0.8	2.1	1.5	2.2
Land Use Fees (private)	1.3	0.2	0.4	0.3	0.6
Property Taxes	1.8	1.9	2.1	1.8	2.8
Other Taxes (except income)	0.6	1.9	0.2	0.4	1.3
Snowmaking	5.9	10.6	5.0	4.6	2.3
Snow Removal	0.4	0.1	0.3	0.4	0.3
Miscellaneous	0.3	0.4	3.1	1.2	4.6
Depreciation & Amortization	11.8	15.8	15.5	15.4	16.6
OPERATING PROFIT (LOSS)	12.1%	10.1%	10.3%	19.8%	16.9%
Less: Interest	6.5	11.7	10.0	10.7	8.7
PROFIT (LOSS) BEFORE TAX	5.6%	(1.6)%	0.3%	9.1%	8.2%
Base	(24)	(17)	(24)	(31)	(21)

TABLE 66

SKI LIFT DEPARTMENT DIRECT COST BREAKDOWN BY SIZE (000 VTF/HOUR)

	Under 2,500	2,500 - 3,999	4,000 - 5,499	5,500 - 9,999	10,000+
SKI LIFT GROSS:					
Revenue (Winter)	100.0%	100.0%	100.0%	100.0%	100.0%
LESS:					
Ski Lift Payroll	8.5%	8.8%	8.0%	6.0%	5.4%
Ski Patrol Payroll	1.8	2.0	2.5	3.4	2.8
Slope Maintenance Payroll	2.7	2.1	2.8	2.1	2.3
Maintenance & Repair Payroll	3.7	2.6	3.6	3.8	3.0
Ticket Sales Payroll	1.2	1.3	1.4	1.2	1.3
Other Payroll	1.2	1.1	2.1	1.5	1.1
TOTAL PAYROLL	19.1%	17.9%	20.4%	18.0%	15.9%
PAYROLL TAXES	4.8%	2.8%	3.5%	3.8%	2.5%
OTHER DIRECT	11.4%	10.2%	13.2%	11.3%	7.9%
GROSS MARGIN	64.7%	69.1%	62.9%	66.9%	73.7%
Base	(12)	(10)	(16)	(25)	(18)

TABLE 67

AVERAGE SKI AREA FINANCIAL DATA–BALANCE SHEETS BY SIZE (000 VTF/HOUR)

	Under 2,500 (000)	2,500 - 3,999 (000)	4,000 - 5,499 (000)	5,500 - 9,999 (000)	10,000+ (000)
Assets					
Current Assets	$ 247	$ 253	$ 382	$ 2,978	$ 3,651
Gross Fixed Assets	2,564	4,721	4,231	10,589	27,761
Less: Depreciation	(1.307)	(1,644)	(1,854)	(4,275)	(9,981)
Other Assets	124	162	649	1,978	4,555
TOTAL ASSETS	$1,628	$3,492	$3,408	$11,270	$25,986
Liabilities & Net Worth					
Current Liabilities	$ 407	$ 567	$ 591	$ 1,822	$ 2,666
Long-Term Debt	819	1.778	933	4,791	7,807
Subordinated Debt	50	99	500	618	2,776
Deferred Taxes	5	3	48	103	1,015
Other Liabilities	26	169	47	461	1,030
Net Worth					
Invested	207	602	1,332	2,755	4,325
Retained Earnings	114	274	(43)	720	6,367
TOTAL LIABILITIES & NET WORTH	$1,628	$3,492	$3,408	$11,270	$25,986
Base	(22)	(15)	(24)	(31)	(21)

TABLE 68

AVERAGE SKI AREA CHARACTERISTICS–BY TYPE OF SKI AREA

	Day	Weekend	Vacation
SIZE			
VTF/Hour (000)	4,559	6,348	11,111
Gross Fixed Assets (000)	$5,463	$8,040	$18,279
Skiable Acres	391	456	1,025
Total Acres	917	1,182	3,184
LOCATION			
Within 50 Miles of SMSA	49%	28%	20%
With 6+ Areas in 1 Hour	25%	32%	43%
New England	12%	32%	23%
East	19%	12%	6%
Midwest	19%	8%	6%
Central Rockies	7%	12%	40%
Northern Rockies	7%	12%	11%
California & Nevada	23%	12%	6%
Pacific Northwest	12%	12%	9%
SITE CHARACTERISTICS			
Number of Beds at Base	95	1,826	2,808
Number of Beds (10 Miles)	1,822	4,844	7,185
With Snowmaking	67%	60%	87%
With Night Skiing	61%	22%	16%
Terrain: Beginner	25%	25%	25%
Intermediate	51%	51%	46%
Expert	24%	24%	29%
BUSINESS CHARACTERISTICS			
Operating With USFS Permit	47%	56%	60%
Engaged in Land Development	23%	36%	66%
OPERATIONAL CHARACTERISTICS			
Average Days/Nights of Operation	125	133	129
Average Peak Day Crowd	3,797	4,453	6,730
Average Skier Visits (000)	146	196	354
Average Age of Ski Areas	25 years	28 years	23 years
ECONOMIC CHARACTERISTICS			
Average Revenue/Skier Visit	$14.83	$17.25	$18.36
Average Lift Ticket Revenue/S-V	$11.88	$15.14	$15.92
Avg. Adult Lift Ticket Price (Weekend)	$17.06	$18.97	$21.11
Avg. Adult Lift Ticket Price (Weekday)	$14.92	$17.27	$20.69
Average Night Ticket Price (Weekend)	$10.87	$10.36	$10.50
Average Night Ticket Price (Weekday)	$10.40	$ 9.91	$ 9.25
Average Adult Season Ticket Price	$ 304	$ 357	$ 485
Average Utilization	35.2%	31.6%	41.0%
Average Profit (Loss) Before Tax	$ 186	$ 230	$ 522
Ratio: Revenue/GFA	41.0%	46.6%	42.7%
Base	(57)	(25)	(35)

TABLE 69

ECONOMIC RATIOS–BY TYPE OF SKI AREA

	Key	Day	Weekend	Vacation	Your Ski Area
VTF/Hour (000)	A	4,559	6,348	11,111	____
VTF/Hour - Demand/Skier Visit	B	1,493	1,490	1,751	____
Skier Capacity	C	3,054	4,259	6,346	____
Days/Nights of Operation	D	125	133	129	____
Season Capacity (000)	E	415	620	863	____
Day Season Capacity (000)		343	572	854	____
Night Season Capacity (000)		119	135	78	____
Actual Skier Visits (000)	F	146	196	354	____
Day Skier Visits (000)		112	182	352	____
Night Skier Visits (000)		39	39	18	____
Profit (Loss) Before Tax (000)	G	$ 186	$ 230	$ 522	$____
Plus: Depreciation (000)	H	$ 327	$ 607	$ 1,269	$____
Before Tax Cash Flow (000)	I	$ 513	$ 837	$ 1,791	$____
Operating Profit (Loss) (000)	J	$ 407	$ 531	$ 1,288	$____
Cash Operating Costs (000)	K	$1,506	$2,605	$ 5,242	$____
Gross Fixed Assets (000)	L	$5,463	$8,040	$18,279	$____
Secured Debt (000)	M	$1,894	$2,936	$ 8,509	$____
Equity (000)	N	$1,559	$1,716	$ 7,367	$____
Critical Ratios					
1. Health (Debt to Cash Flow)		3.7X	3.5X	4.8X	____ X
Profitability:					
2. Operating Profit on GFA		7.5%	6.6%	7.0%	____ %
3. Profit (BT) on Equity		11.9%	13.4%	7.1%	____ %
Performance:					
4. Average Utilization		35.2%	31.6%	41.0%	____ %
Day Utilization		32.7%	31.8%	41.2%	____
Night Utilization		32.7%	28.9%	23.1%	____
5. Day/Nights of Operation		125	133	129	____
Policy & Planning:					
6. Capital/Capacity Ratio		$1,789	$1,888	$2,880	$____
7. Operating/Capacity Ratio		$ 3.63	$ 4.20	$ 6.07	$____
Revenue/Skier Visit:					
Ski Lift Gross		$11.88	$15.14	$15.92	$____
Ski School Margin		$ .47	$ .30	$ .65	$____
Food Service Margin		$ .60	$ .49	$ .57	$____
Bar Margin		$ .38	$ .30	$ .39	$____
Ski Shop Margin		$ .37	$ .38	$ .40	$____
Ski Rental Margin		$ 1.01	$ .51	$ .39	$____
Other Margin		$ .12	$ .13	$ .04	$____
8. Total - Revenue/Skier Visit		$14.83	$17.25	$18.36	$____
Base		(57)	(25)	(35)	

TABLE 70

AVERAGE SKI AREA FINANCIAL DATA–INCOME STATEMENT BY TYPE OF SKI AREA

	Day (000)	Weekend (000)	Vacation (000)	Your Ski Area
Gross Fixed Assets	$5,463	$8,040	$18,279	$
Revenue:				
Ski Lift Gross - Winter	$1,732	$2,966	$ 5,636	$
Ski Lift Gross - Summer	13	16	64	
Supporting Margin - Winter	447	502	1,021	
Supporting Margin - Summer	30	140	78	
Year Round Margin	18	119	1,000	
TOTAL REVENUE	$2,240	$3,743	$ 7,799	$
Less:				
Ski Lift Direct Expense	$ 515	$ 651	$ 1,506	$
Payroll Taxes	63	99	167	
Property Operation	102	312	412	
OPERATIONS MARGIN	$1,560	$2,681	$ 5,714	$
Less:				
General & Administrative	$ 331	$ 750	$ 1,247	$
Marketing (advertising, public relations, promotion, etc.)	125	214	600	
Insurance (property, liability)	108	188	208	
Land Use Fees (public)	35	54	159	
Land Use Fees (private)	2	14	61	
Property Taxes	41	129	177	
Other Taxes (except income)	15	11	104	
Snowmaking	118	152	251	
Snow Removal	8	5	28	
Miscellaneous	43	26	322	
Depreciation & Amortization	327	607	1,269	
OPERATING PROFIT (LOSS)	$ 407	$ 531	$ 1,288	$
Less: Interest	221	301	766	
PROFIT (LOSS) BEFORE TAX	$ 186	$ 230	$ 522	$
Base	(57)	(25)	(35)	

TABLE 71

AVERAGE SKI AREA FINANCIAL DATA–INCOME STATEMENT BY TYPE OF SKI AREA

	Percent of Gross Fixed Assets			
	Day	Weekend	Vacation	Your Ski Area
Gross Fixed Assets	100.0%	100.0%	100.0%	100.0%
Revenue:				
Ski Lift Gross - Winter	31.7%	36.9%	30.8%	______%
Ski Lift Gross - Summer	0.2	0.2	0.4	______
Supporting Margin - Winter	8.2	6.2	5.6	______
Supporting Margin - Summer	0.6	1.7	0.4	______
Year Round Margin	0.3	1.6	5.5	______
TOTAL REVENUE	41.0%	46.6%	42.7%	______%
Less:				
Ski Lift Direct Expense	9.4%	8.1%	8.2%	______%
Payroll Taxes	1.2	1.3	0.9	______
Property Operation	1.8	3.9	2.3	______
OPERATIONS MARGIN	28.6%	33.3%	31.3%	______%
Less:				
General & Administrative	6.1%	9.3%	6.8%	______%
Marketing (advertising, public relations, promotion, etc.)	2.3	2.7	3.3	______
Insurance (property, liability)	2.0	2.3	1.1	______
Land Use Fees (public)	0.6	0.7	0.9	______
Land Use Fees (private)	0.0	0.2	0.3	______
Property Taxes	0.8	1.6	1.0	______
Other Taxes (except income)	0.3	0.1	0.6	______
Snowmaking	2.2	1.9	1.4	______
Snow Removal	0.1	0.1	0.2	______
Miscellaneous	0.7	0.3	1.8	______
Depreciation & Amortization	6.0	7.5	6.9	______
OPERATING PROFIT (LOSS)	7.5%	6.6%	7.0%	______%
Less: Interest	4.1	3.7	4.1	______
PROFIT (LOSS) BEFORE TAX	3.4%	2.9%	2.9%	______%
Base	(57)	(25)	(35)	

TABLE 72

AVERAGE SKI AREA FINANCIAL DATA–INCOME STATEMENT BY TYPE OF SKI AREA

	Percent of Revenue			
	Day	Weekend	Vacation	Your Ski Area
Revenue:				
Ski Lift Gross - Winter	77.3%	79.2%	72.3%	______ %
Ski Lift Gross - Summer	0.6	0.4	0.8	______
Supporting Margin - Winter	20.0	13.4	13.1	______
Supporting Margin - Summer	1.3	3.7	1.0	______
Year Round Margin	0.8	3.3	12.8	______
TOTAL REVENUE	100.0%	100.0%	100.0%	100.0%
Less:				
Ski Lift Direct Expense	23.0%	17.4%	19.3%	______ %
Payroll Taxes	2.8	2.6	2.1	______
Property Operation	4.6	8.4	5.3	______
OPERATIONS MARGIN	69.6%	71.6%	73.3%	______ %
Less:				
General & Administrative	14.7%	20.0%	16.0%	______ %
Marketing (advertising, public relations, promotion, etc.)	5.6	5.7	7.7	______
Insurance (property, liability)	4.8	5.0	2.7	______
Land Use Fees (public)	1.6	1.4	2.0	______
Land Use Fees (private)	0.1	0.4	0.8	______
Property Taxes	1.8	3.4	2.3	______
Other Taxes (except income)	0.6	0.3	1.3	______
Snowmaking	5.3	4.1	3.2	______
Snow Removal	0.4	0.1	0.4	______
Miscellaneous	1.9	0.7	4.1	______
Depreciation & Amortization	14.6	16.3	16.3	______
OPERATING PROFIT (LOSS)	18.2%	14.2%	16.5%	______ %
Less: Interest	9.9	8.1	9.8	______
PROFIT (LOSS) BEFORE TAX	8.3%	6.1%	6.7%	______ %
Base	(57)	(25)	(35)	

TABLE 73

SKI LIFT DEPARTMENT DIRECT COST BREAKDOWN BY TYPE OF SKI AREA

	Day	Weekend	Vacation
SKI LIFT GROSS Revenue (Winter)	100.0%	100.0%	100.0%
LESS:			
Ski Lift Payroll	7.6%	5.1%	5.7%
Ski Patrol Payroll	2.7	2.9	3.0
Slope Maintenance Payroll	2.2	2.1	2.4
Maintenance & Repair Payroll	3.3	3.2	3.2
Ticket Sales Payroll	1.1	1.3	1.3
Other Payroll	1.0	1.6	1.3
TOTAL PAYROLL	17.9%	16.2%	16.9%
PAYROLL TAXES	3.4%	3.7%	2.8%
OTHER DIRECT	10.9%	9.0%	9.0%
GROSS MARGIN	67.8%	71.1%	71.3%
Base	(35)	(17)	(29)

TABLE 74

AVERAGE SKI AREA FINANCIAL DATA–BALANCE SHEET BY TYPE OF SKI AREA

	Day (000)	Weekend (000)	Vacation (000)
Assets			
Current Assets	$ 580	$ 774	$ 3,924
Gross Fixed Assets	5,646	8,040	18,279
Less: Depreciation	(2,446)	(3,563)	(6,324)
Other Assets	405	773	3,912
TOTAL ASSETS	$4,185	$6,024	$19,791
Liabilities & Net Worth			
Current Liabilities	$ 611	$ 954	$ 2,511
Long-Term Debt	1,513	2,272	6,930
Subordinated Debt	381	664	1,579
Deferred Taxes	78	63	574
Other Liabilities	43	355	830
Net Worth			
Invested	1,091	648	4,221
Retained Earnings	468	1,068	3,146
TOTAL LIABILITIES & NET WORTH	$4,185	$6,024	$19,791
Base	(53)	(25)	(35)

TABLE 75

AVERAGE SKI AREA CHARACTERISTICS–BY LENGTH OF SEASON

	Less Than 80 Days	80-99 Days	100-119 Days	120-139 Days	140-159 Days	160 Days and Over
SIZE						
VTF/Hour (000)	1,391	3,017	4,082	5,873	9,297	12,829
Gross Fixed Assets (000)	$1,747	$3,569	$5,856	$8,416	$12,947	$17,999
Skiable Acres	31	107	192	345	893	1,342
Total Acres	144	609	1,111	1,350	2,287	2,811
LOCATION						
Within 50 Miles of SMSA	44%	47%	44%	46%	46%	10%
With 6+ Areas in 1 Hour	0%	27%	19%	29%	42%	45%
New England	11%	33%	13%	21%	21%	15%
East	22%	40%	38%	8%	0%	0%
Midwest	68%	20%	13%	13%	3%	0%
Central Rockies	0%	0%	19%	13%	30%	25%
Northern Rockies	0%	7%	0%	21%	9%	10%
California & Nevada	0%	0%	13%	25%	18%	20%
Pacific Northwest	0%	0%	6%	0%	18%	30%
SITE CHARACTERISTICS						
Number of Beds at Base	18	123	271	611	2,176	2,828
Number of Beds (10 Miles)	1,234	657	5,728	2,972	5,403	5,710
With Snowmaking	89%	87%	81%	83%	61%	50%
With Night Skiing	100%	67%	44%	42%	21%	25%
Terrain: Beginner	30%	28%	29%	24%	21%	25%
Intermediate	55%	50%	45%	51%	50%	48%
Expert	15%	22%	26%	26%	29%	27%
BUSINESS CHARACTERISTICS						
Operating With USFS Permit	0%	7%	38%	63%	76%	75%
Engaged in Land Development	0%	33%	25%	50%	46%	45%

TABLE 75 (Continued)

AVERAGE SKI AREA CHARACTERISTICS–BY LENGTH OF SEASON

	Less Than 80 Days	80-99 Days	100-119 Days	120-139 Days	140-159 Days	160 Days and Over
OPERATIONAL CHARACTERISTICS						
Average Days/Nights of Operation	83	107	104	133	136	165
Average Peak Day Crowd	1,857	3,368	3,579	3,960	5,628	7,900
Average Skier Visits (000)	43	101	116	175	286	410
Average Age of Ski Areas	21 years	27 years	24 years	27 years	26 years	24 years
ECONOMIC CHARACTERISTICS						
Average Revenue/Skier Visit	$14.68	$12.56	$16.26	$17.18	$17.32	$17.60
Average Lift Ticket Revenue/Skier Visit	$10.04	$ 9.64	$13.04	$13.96	$15.18	$15.30
Average Adult Lift Ticket Price						
(Weekend)	$15.67	$17.18	$17.84	$19.32	$19.65	$19.48
(Weekday)	$11.78	$14.88	$15.94	$17.80	$18.64	$18.98
Average Night Ticket Price						
(Weekend)	$ 9.22	$11.95	$11.14	$12.36	$ 9.86	$ 8.80
(Weekday)	$ 9.33	$10.90	$10.72	$11.92	$ 9.07	$ 8.20
Average Adult Season Ticket Price	$ 241	$ 267	$ 287	$ 380	$ 462	$ 411
Average Utilization	41%	40%	42%	37%	38%	35%
Average Profit (Loss) Before Tax	$ 12	$ 58	$ (141)	$ (86)	$ 852	$ 493
Ratio: Revenue/GFA	39%	38%	38%	41%	46%	43%
Base	(9)	(15)	(16)	(24)	(33)	(20)

TABLE 76

ECONOMIC RATIOS–BY LENGTH OF SEASON

	Key	Less Than 80 Days	80-99 Days	100-119 Days	120-139 Days	140-159 Days	160 Days and Over
VTF/Hour (000)	A	1,391	3,017	4,082	5,873	9,297	12,829
VTF/Hour - Demand/Skier Visit	B	1,148	1,373	1,478	1,596	1,691	1,771
Skier Capacity	C	1,212	2,198	2,762	3,679	5,498	7,242
Days/Nights of Operation	D	83	107	104	133	136	165
Season Capacity (000)	E	105	251	275	478	761	1,184
Day Season Capacity (000)		68	163	239	423	703	1,149
Night Season Capacity (000)		38	87	36	146	131	144
Actual Skier Visits (000)	F	43	101	116	175	286	410
Day Skier Visits (000)		24	69	100	151	274	387
Night Skier Visits (000)		17	32	16	17	36	27
Profit (Loss) Before Tax (000)	G	$ 12	$ 58	$ (141)	$ (86)	$ 852	$ 493
Plus: Depreciation (000)	H	$ 85	$ 202	$ 410	$ 570	$ 871	$ 1,272
Before Tax Cash Flow (000)	I	$ 97	$ 260	$ 269	$ 484	$ 1,723	$ 1,765
Operating Profit (Loss) (000)	J	$ 90	$ 155	$ 170	$ 293	$ 1,424	$ 1,081
Cash Operating Costs (000)	K	$ 501	$ 985	$1,644	$2,595	$ 3,663	$ 5,288
Gross Fixed Assets (000)	L	$1,747	$3,569	$5,856	$8,416	$12,947	$17,999
Long Term Debt (000)	M	$ 769	$ 475	$1,954	$3,814	$ 6,281	$ 6,559
Equity (000)	N	$ 37	$ 909	$1,218	$2,166	$ 5,285	$ 6,328
Critical Ratios							
1. Health (Debt to Cash Flow)		7.9X	1.8X	7.3X	7.9X	3.6X	3.7X
Profitability:							
2. Operating Profit on GFA		5.2%	4.3%	2.9%	3.5%	11.0%	6.0%
3. Profit (Before Tax) on Equity		32.4%	6.4%	Loss	Loss	16.1%	7.8%
Performance:							
4. Average Utilization		41.0%	40.2%	42.2%	36.6%	37.6%	34.5%
Day Utilization		35.3%	42.3%	41.8%	35.7%	39.0%	33.7%
Night Utilization		44.7%	36.8%	44.4%	11.6%	27.5%	18.8%

TABLE 76 (Continued)

ECONOMIC RATIOS–BY LENGTH OF SEASON

Key	Less Than 80 Days	80-99 Days	100-119 Days	120-139 Days	140-159 Days	160 Days and Over
5. Days/Nights of Operation	83	107	104	133	136	165
Policy & Planning:						
6. Capital/Capacity Ratio	$1,441	$1,624	$2,120	$2,288	$2,355	$2,485
7. Operating/Capacity Ratio	$ 4.77	$ 3.92	$ 5.98	$ 5.43	$ 4.81	$ 4.47
Revenue/Skier Visit: (Average of All Areas)						
Ski Lift Gross	$10.04	$ 9.64	$13.04	$13.96	$15.18	$15.30
Ski School Margin	$ .55	$ .37	$ .56	$ .70	$ .60	$ .37
Food Service Margin	$ .46	$ .49	$ .66	$ .81	$ .46	$ .54
Bar Margin	$ .21	$ .31	$ .46	$ .35	$ .37	$ .37
Ski Shop Margin	$ .79	$ .22	$ .20	$ .47	$ .28	$ .52
Ski Rental Margin	$ 2.03	$ 1.30	$ 1.10	$ .80	$ .35	$ .51
Other Margin	$ .60	$ .23	$ .24	$ .09	$ .08	$ (.01)
8. Total - Revenue/Skier Visit	$14.68	$12.56	$16.26	$17.18	$17.32	$17.60
Base	(9)	(15)	(16)	(24)	(33)	(20)

TABLE 77

AVERAGE SKI AREA FINANCIAL DATA–INCOME STATEMENT BY LENGTH OF SEASON

	Less Than 80 Days (000)	80-99 Days (000)	100-119 Days (000)	120-139 Days (000)	140-159 Days (000)	160 Days and Over (000)
Gross Fixed Assets	$1,747	$3,569	$5,856	$8,416	$12,947	$17,999
Revenue:						
Ski Lift Gross - Winter	$ 434	$ 975	$1,517	$2,445	$ 4,341	$ 6,269
Ski Lift Gross - Summer	0	4	6	22	49	53
Supporting Margin - Winter	201	318	425	645	626	1,218
Supporting Margin - Summer	38	30	217	68	14	75
Year Round Margin	3	15	59	278	928	26
TOTAL REVENUE	$ 676	$1,342	$2,224	$3,458	$ 5,958	$ 7,641
Less:						
Ski Lift Direct Expense	$ 127	$ 351	$ 393	$ 633	$ 1,320	$ 1,343
Payroll Taxes	11	48	47	84	132	200
Property Operation	50	68	158	194	163	700
OPERATIONS MARGIN	$ 488	$ 875	$1,626	$2,547	$ 4,343	$ 5,398
Less:						
General & Administrative	$ 112	$ 205	$ 381	$ 642	$ 893	$ 1,309
Marketing (advertising, public relations, promotion, etc.)	53	76	183	285	351	520
Insurance (property, liability)	44	64	99	121	191	298
Land Use Fees (public)	0	2	11	50	117	183
Land Use Fees (private)	2	4	31	10	25	48
Property Taxes	11	20	40	78	130	225
Other Taxes (except income)	2	15	38	14	54	92
Snowmaking	83	119	234	191	152	172
Snow Removal	4	2	4	8	20	29
Miscellaneous	2	11	25	285	115	169
Depreciation & Amortization	85	202	410	570	871	1,272
OPERATING PROFIT (LOSS)	$ 90	$ 155	$ 170	$ 293	$ 1,424	$ 1,081
Less: Interest	78	97	311	379	572	588
PROFIT (LOSS) BEFORE TAX	$ 12	$ 58	$ (141)	$ (86)	$ 852	$ 493
Base	(9)	(15)	(16)	(24)	(33)	(20)

TABLE 78

AVERAGE SKI AREA FINANCIAL DATA–INCOME STATEMENT BY LENGTH OF SEASON

	Percent of Gross Fixed Assets					
	Less Than 80 Days	80-99 Days	100-119 Days	120-139 Days	140-159 Days	160 Days and Over
Gross Fixed Assets	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Revenue:						
Ski Lift Gross - Winter	24.8%	27.3%	25.9%	29.1%	33.5%	34.8%
Ski Lift Gross - Summer	0.0	0.1	0.1	0.3	0.4	0.3
Supporting Margin - Winter	11.5	8.9	7.3	7.7	4.8	6.8
Supporting Margin - Summer	2.2	0.8	3.7	0.8	0.1	0.4
Year Round Margin	0.2	0.5	1.0	3.2	7.2	0.2
TOTAL REVENUE	38.7%	37.6%	38.0%	41.1%	46.0%	42.5%
Less:						
Ski Lift Direct Expense	7.3%	9.8%	6.7%	7.5%	10.2%	7.5%
Payroll Taxes	0.6	1.3	0.8	1.0	1.0	1.1
Property Operation	2.9	2.0	2.7	2.3	1.3	3.9
OPERATIONS MARGIN	27.9%	24.5%	27.8%	30.3%	33.5%	30.0%
Less:						
General & Administrative	6.4%	5.7%	6.5%	7.6%	6.9%	7.3%
Marketing (advertising, public relations, promotion, etc.)	3.0	2.1	3.1	3.4	2.7	2.9
Insurance (property, liability)	2.5	1.8	1.7	1.4	1.5	1.7
Land Use Fees (public)	0.0	0.1	0.2	0.6	0.9	1.0
Land Use Fees (private)	0.1	0.1	0.5	0.1	0.2	0.3
Property Taxes	0.6	0.6	0.7	0.9	1.0	1.2
Other Taxes (except income)	0.1	0.4	0.6	0.2	0.4	0.5
Snowmaking	4.8	3.3	4.0	2.3	1.2	1.0
Snow Removal	0.2	0.1	0.1	0.1	0.2	0.2
Miscellaneous	0.1	0.3	0.5	3.4	0.2	0.2
Depreciation & Amortization	4.9	5.7	7.0	6.8	6.7	7.1
OPERATING PROFIT (LOSS)	5.2%	4.3%	2.9%	3.5%	11.0%	6.0%
Less: Interest	4.5	2.7	5.3	4.5	4.4	3.3
PROFIT (LOSS) BEFORE TAX	0.7%	1.6%	(2.4)%	(1.0)%	6.6%	2.7%
Base	(9)	(15)	(16)	(24)	(33)	(20)

TABLE 79

AVERAGE SKI AREA FINANCIAL DATA–INCOME STATEMENT BY LENGTH OF SEASON

	Percent of Revenue					
	Less Than 80 Days	80-99 Days	100-119 Days	120-139 Days	140-159 Days	160 Days and Over
Revenue:						
Ski Lift Gross - Winter	64.2%	72.7%	68.2%	70.7%	72.9%	82.0%
Ski Lift Gross - Summer	0.0	0.3	0.3	0.6	0.8	0.7
Supporting Margin - Winter	29.7	23.7	19.1	18.7	10.5	15.9
Supporting Margin - Summer	5.6	2.2	9.8	2.0	0.2	1.0
Year Round Margin	0.5	1.1	2.6	8.0	15.6	0.4
TOTAL REVENUE	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Less:						
Ski Lift Direct Expense	18.8%	26.2%	17.7%	18.3%	22.2%	17.6%
Payroll Taxes	1.6	3.6	2.1	2.4	2.2	2.6
Property Operation	7.4	5.0	7.1	5.6	2.7	9.2
OPERATIONS MARGIN	72.2%	65.2%	73.1%	73.7%	72.9%	70.6%
Less:						
General & Administrative	16.6%	15.3%	17.1%	18.6%	15.0%	17.1%
Marketing (advertising, public relations, promotion, etc.)	7.8	5.7	8.2	8.2	5.9	6.8
Insurance (property, liability)	6.5	4.8	4.5	3.5	3.2	3.9
Land Use Fees (public)	0.0	0.1	0.5	1.4	2.0	2.4
Land Use Fees (private)	0.3	0.3	1.4	0.3	0.4	0.6
Property Taxes	1.6	1.5	1.8	2.2	2.2	2.9
Other Taxes (except income)	0.3	1.1	1.7	0.5	0.9	1.2
Snowmaking	12.3	8.9	10.5	5.5	2.6	2.3
Snow Removal	0.6	0.1	0.2	0.2	0.3	0.4
Miscellaneous	0.3	0.8	1.2	8.3	1.9	2.3
Depreciation & Amortization	12.6	15.1	18.4	16.5	14.6	16.6
OPERATING PROFIT (LOSS)	13.3%	11.5%	7.6%	8.5%	23.9%	14.1%
Less: Interest	11.5	7.2	14.0	11.0	9.6	7.6
PROFIT (LOSS) BEFORE TAX	1.8%	4.3%	(6.4)%	(2.5)%	14.3%	6.5%
Base	(9)	(15)	(16)	(24)	(33)	(20)

TABLE 80

SKI LIFT DEPARTMENT DIRECT COST BREAKDOWN BY LENGTH OF SEASON

	Less Than 80 Days	80-99 Days	100-119 Days	120-139 Days	140-159 Days	160 Days and Over
SKI LIFT GROSS:						
Revenue (Winter)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
LESS:						
Ski Lift Payroll	6.5%	11.9%	6.2%	5.2%	7.2%	-
Ski Patrol Payroll	0.8	1.0	1.9	2.9	3.3	-
Slope Maintenance Payroll	2.4	2.3	2.0	2.1	2.8	-
Maintenance & Repair Payroll	4.3	2.4	3.6	3.1	3.7	-
Ticket Sales Payroll	2.1	1.2	0.8	1.2	1.4	-
Other Payroll	1.1	0.7	0.8	2.5	1.2	-
TOTAL PAYROLL	17.2%	19.5%	15.3%	17.0%	19.6%	-
PAYROLL TAXES	2.7%	3.6%	3.1%	3.4%	2.8%	-
OTHER DIRECT	13.3%	11.2%	10.0%	10.4%	10.7%	-
GROSS MARGIN	66.8%	65.7%	71.6%	69.2%	66.9%	-
Base	(4)	(8)	(11)	(14)	(27)	(0)

TABLE 81

AVERAGE SKI AREA FINANCIAL DATA–BALANCE SHEET BY LENGTH OF SEASON

	Less Than 80 Days (000)	80-99 Days (000)	100-119 Days (000)	120-139 Days (000)	140-159 Days (000)	160 Days and Over (000)
Assets						
Current Assets	$ 226	$ 273	$ 582	$ 967	$ 3,133	$ 2,335
Gross Fixed Assets	1,942	3,279	6,176	8,416	12,947	17,999
Less: Depreciation	(1,158)	(1,663)	(2,461)	(3,317)	(4,902)	(6,543)
Other Assets	13	23	510	1,040	2,960	2,351
TOTAL ASSETS	$1,023	$1,912	$4,807	$7,106	$14,138	$16,142
Liabilities & Net Worth						
Current Liabilities	$ 207	$ 454	$1,414	$1,011	$ 1,672	$ 1,797
Long-Term Debt	694	367	1,798	2,685	5,292	5,160
Subordinated Debt	75	108	156	1,129	989	1,399
Deferred Taxes	9	14	124	64	430	399
Other Liabilities	1	60	97	51	470	1,059
Net Worth						
Invested	378	363	460	1,711	3,166	3,078
Retained Earnings	(341)	546	758	455	2,119	3,250
TOTAL LIABILITIES & NET WORTH	$1,023	$1,912	$4,807	$7,106	$14,138	$16,142
Base	(8)	(11)	(15)	(24)	(33)	(20)

IX

CHARACTERISTICS OF SKI AREAS WITH SNOWMAKING AND NIGHT SKIING OPERATIONS

For the ninth year the study includes an analysis of those respondents with snowmaking capability and those who operate at night. This chapter presents tabulations on the 84 areas with snowmaking and on the 48 areas with night operations. The reader should recognize that even though these categories have been treated separately a number of areas (39) have both snowmaking and night skiing. The tables (Tables 82-91) follow the text.

The average ski area with snowmaking has larger gross fixed assets, fewer beds at the base, more beds within 10 miles, more night operations, more land development, more skier visits, more revenue per skier visit, a higher lift ticket price, greater utilization, and less profit before tax than the average ski area (largely because of the loss in the East and Midwest shown in Table 82; typically snowmaking areas have more profit than the average area).

Snowmaking ski areas averaged 6.8 percent operating profit on GFA, compared to the ski industry average of 7.1 percent. Snowmaking is dominated by areas east of the Rockies and this past season again illustrated this. All of the respondents in the East had snowmaking while 93 percent of Midwest areas and 96 percent of the New England areas make snow. There are 33 snowmaking ski areas in the Rockies and the West, or 52 percent of the ski areas responding from those geographic areas. These 52 percent earned a 7.1 percent operating profit on GFA.

These operations have been evaluated using the rule of thumb measure discussed in Chapter III.

	Total Revenue to GFA		Percent Utilization		Factor	Judgment
All Ski Areas	43%	÷	37%	=	1.16	Adequate
All Snowmaking	42	÷	40	=	1.05	Fair
New England Snowmaking	44	÷	38	=	1.16	Adequate
East and Midwest Snowmaking	40	÷	38	=	1.05	Fair
Rockies and West Snowmaking	42	÷	43	=	.97	Fair
All Night Operations	43	÷	36	=	1.19	Good

Night operations were again separated. Night skiing effectively increases the potential earning power with only cursory additions to capital. Areas with night skiing usually have less VTF, fewer GFA, fewer beds at the base and within 10 miles, greater days/nights of operation, lower revenue per skier visit, lower lift ticket prices and lower profit than the average area. However, in the 1984-85 season the average area with night operations had an operating profit on GFA of 7.2 percent, compared to the ski industry average of 7.1 percent.

The 1984-85 survey contains data concerning snowmaking coverage, hours of operation and operating costs. Tables 89 and 90 summarize this data. The average ski area with snowmaking capability covers 104 acres or 22.7 percent of the skiable slopes and trails. The East and Midwest regions cover 76.9 percent, and New England 62.1 percent, while only 11.0 percent of the Rockies and Western ski areas are machine covered.

Similarly the 48 ski areas with lights for night skiing cover an average of only 85 acres or 21.1 percent of the skiable acreage.

Snowmaking Costs

In an effort to establish some standard measure of snowmaking efficiency the authors have summarized reported expenses in costs per acre hour of snowmaking. An acre hour is the product of coverage (acres) and hours of system operations. Survey respondents were asked to supply acres of snowmaking coverage, hours of system operation, and operating costs broken into labor, power, maintenance, and other categories. Table 91 summarizes the results of this measure. The cost per acre/hour decreased this year for the East and Midwest, stayed the same in the Rockies and West, but increased in New England.

TABLE 82

AVERAGE SKI AREA CHARACTERISTICS
SKI AREAS WITH SNOWMAKING & NIGHT OPERATIONS

	With Snowmaking				With Night Operations
	New England	East & Midwest	Rockies & West	All	
SIZE					
VTF/Hour (000)	6,525	3,407	10,183	6,886	4,595
Gross Fixed Assets (000)	$10,079	$4,663	$16,744	$10,827	$6,041
Skiable Acres	198	121	930	459	403
Total Acres	1,360	647	2,718	1,647	905
LOCATION					
Within 50 Miles of SMSA	18%	52%	30%	38%	54%
With 6+ Areas in 1 Hour	86%	10%	30%	38%	17%
New England	100%	0%	0%	26%	15%
East	0%	55%	0%	19%	27%
Midwest	0%	45%	0%	17%	25%
Central Rockies	0%	0%	52%	20%	2%
Northern Rockies	0%	0%	12%	5%	6%
California & Nevada	0%	0%	27%	11%	13%
Pacific Northwest	0%	0%	9%	2%	13%
SITE CHARACTERISTICS					
Number of Beds at Base	699	243	2,443	1,227	177
Number of Beds (10 Miles)	2,868	1,449	8,806	4,711	1,725
With Snowmaking	100%	100%	100%	100%	81%
With Night Skiing	27%	79%	30%	46%	100%
Terrain: Beginner	29%	28%	22%	26%	26%
Intermediate	52%	49%	44%	48%	51%
Expert	20%	23%	34%	26%	23%
BUSINESS CHARACTERISTICS					
Operating With USFS Permit	27%	7%	85%	43%	31%
Engaged in Land Development	64%	45%	33%	45%	33%
OPERATIONAL CHARACTERISTICS					
Avg. Days/Nights of Operation	108	108	140	121	132
Average Peak Day Crowd	4,894	3,800	6,073	4,980	4,105
Average Skier Visits (000)	186	112	341	222	162
Average Age of Ski Areas	29 years	24 years	22 years	24 years	24 years
ECONOMIC CHARACTERISTICS					
Average Revenue/Skier Visit	$18.39	$14.84	$18.15	$17.62	$14.88
Avg. Lift Ticket Revenue/S-V	$14.57	$11.28	$16.10	$14.92	$12.05
Avg. Adult Lift Ticket Price:					
(Weekend)	$20.76	$17.69	$20.14	$19.46	$17.54
(Weekday)	$18.42	$14.31	$19.71	$17.51	$15.19
Average Night Ticket Price					
(Weekend)	$11.08	$11.17	$11.64	$11.27	$10.74
(Weekday)	$11.58	$10.50	$10.70	$10.72	$10.21
Avg. Adult Season Ticket Price	$ 428	$ 281	$ 453	$ 384	$ 309
Average Utilization	38.2%	38.4%	42.5%	40.1%	36.2%
Avg. Profit (Loss) Before Tax (000)	$ 357	$ (20)	$ 501	$ 284	$ 185
Ratio: Revenue/GFA	44.3%	39.5%	42.0%	42.2%	43.4%
Base	(22)	(29)	(33)	(84)	(48)

TABLE 83

ECONOMIC RATIOS–SNOWMAKING & NIGHT OPERATIONS

		With Snowmaking				With
	Key	New England	East & Midwest	Rockies & West	All	Night Operations
VTF/Hour (000)	A	6,525	3,407	10,183	6,886	4,595
VTF/Hour - Demand/Skier Visit	B	1,500	1,307	1,826	1,628	1,472
Skier Capacity	C	4,350	2,607	5,578	4,231	3,121
Days/Nights of Operation	D	108	108	140	121	132
Season Capacity (000)	E	487	292	803	544	448
Day Season Capacity (000)		455	212	772	496	331
Night Season Capacity (000)		117	106	114	107	116
Actual Skier Visits (000)	F	186	112	341	222	162
Day Skier Visits (000)		175	82	330	204	113
Night Skier Visits (000)		42	39	22	35	35
Profit (Loss) Before Tax (000)	G	$ 357	$ (20)	$ 501	$ 284	$ 185
Plus: Depreciation (000)	H	$ 607	$ 314	$ 1,171	$ 727	$ 394
Before Tax Cash Flow (000)	I	$ 964	$ 294	$ 1,672	$ 1,011	$ 579
Operating Profit (Loss) (000)	J	$ 742	$ 222	$ 1,183	$ 736	$ 433
Cash Operating Costs (000)	K	$ 3,121	$1,307	$ 4,677	$ 3,107	$1,795
Gross Fixed Assets (000)	L	$10,079	$4,663	$16,744	$10,827	$6,041
Long Term Debt (000)	M	$ 4,904	$1,283	$ 7,647	$ 4,779	$2,283
Equity (000)	N	$ 3,005	$1,007	$ 6,896	$ 3,887	$1,394
Critical Ratios						
1. Health (Debt to Cash Flow)		5.1X	4.4X	4.6X	4.7X	3.9X
Profitability:						
2. Operating Profit on GFA		7.4%	4.8%	7.1%	6.8%	7.2%
3. Profit (BT) on Equity		11.9%	Loss	7.3%	7.3%	13.3%
Performance:						
4. Average Utilization		38.2%	38.4%	42.5%	40.1%	36.2%
Day Utilization		38.5%	38.7%	42.7%	41.1%	34.1%
Night Utilization		35.9%	36.8%	19.3%	32.7%	30.2%
5. Days/Nights of Operation		108	108	140	121	132
Policy & Planning:						
6. Capital/Capacity Ratio		$2,317	$1,789	$3,002	$2,559	$1,936
7. Operating/Capacity Ratio		$ 6.41	$ 4.48	$ 5.82	$ 5.71	$ 4.01
Revenue/Skier Visit: (Average of All Areas)						
Ski Lift Gross		$14.57	$11.28	$16.10	$14.92	$12.05
Ski School Margin		$ .57	$ .59	$ .69	$ .64	$ .50
Food Service Margin		$ .92	$ .69	$ .44	$ .59	$ .59
Bar Margin		$ .52	$ .48	$ .34	$ .40	$ .47
Ski Shop Margin		$ .75	$ .24	$ .27	$ .37	$ .31
Ski Rental Margin		$ .82	$ 1.30	$ .43	$ .67	$ .93
Other Margin		$ .24	$ .26	$ (.12)	$ .03	$ .03
8. Total - Revenue/Skier Visit		$18.39	$14.84	$18.15	$17.62	$14.88
Base		(22)	(29)	(33)	(84)	(48)

TABLE 84

AVERAGE SKI AREA FINANCIAL DATA–INCOME STATEMENT SKI AREAS WITH SNOWMAKING AND NIGHT OPERATIONS

	Snowmaking				With
	New England (000)	East & Midwest (000)	Rockies & West (000)	All (000)	Night Operations (000)
Gross Fixed Assets	$10,079	$4,663	$16,744	$10,827	$6,041
Revenue:					
Ski Lift Gross - Winter	$ 2,716	$1,268	$ 5,493	$ 3,307	$1,952
Ski Lift Gross - Summer	39	3	49	30	17
Supporting Margin - Winter	964	450	706	686	497
Supporting Margin - Summer	301	89	(39)	94	114
Year Round Margin	450	33	822	453	42
TOTAL REVENUE	$ 4,470	$1,843	$ 7,031	$ 4,570	$2,622
Less:					
Ski Lift Direct Expense	$ 611	$ 350	$ 1,547	$ 889	$ 526
Payroll Taxes	82	38	173	103	68
Property Operation	581	94	161	248	134
OPERATIONS MARGIN	$ 3,196	$1,361	$ 5,150	$ 3,330	$1,894
Less:					
General & Administrative	$ 600	$ 291	$ 1,179	$ 721	$ 409
Marketing (advertising, public relations, promotion, etc.)	419	135	464	339	182
Insurance (property, liability)	131	90	202	145	111
Land Use Fees (public)	67	1	172	85	32
Land Use Fees (private)	27	4	56	31	29
Property Taxes	72	32	176	99	58
Other Taxes (except income)	82	30	58	55	19
Snowmaking	317	213	186	230	170
Snow Removal	12	2	25	14	6
Miscellaneous	120	27	278	148	51
Depreciation & Amortization	607	314	1,171	727	394
OPERATING PROFIT (LOSS)	$ 742	$ 222	$ 1,183	$ 736	$ 433
Less: Interest	385	242	682	452	248
PROFIT (LOSS) BEFORE TAX	$ 357	$ (20)	$ 501	$ 284	$ 185
Base	(22)	(29)	(33)	(84)	(48)

TABLE 85

AVERAGE SKI AREA FINANCIAL DATA–INCOME STATEMENT SKI AREAS WITH SNOWMAKING AND NIGHT OPERATIONS

	Percent of Gross Fixed Assets				
	Snowmaking				With Night Operations
	New England	East & Midwest	Rockies & West	All	
Gross Fixed Assets	100.0%	100.0%	100.0%	100.0%	100.0%
Revenue:					
Ski Lift Gross - Winter	26.9%	27.2%	32.8%	30.5%	32.3%
Ski Lift Gross - Summer	0.4	0.1	0.3	0.3	0.3
Supporting Margin - Winter	9.6	9.7	4.2	6.3	8.2
Supporting Margin - Summer	3.0	1.9	(0.2)	0.9	1.9
Year Round Margin	4.4	0.6	4.9	4.2	0.7
TOTAL REVENUE	44.3%	39.5%	42.0%	42.2%	43.4%
Less:					
Ski Lift Direct Expense	6.1%	7.5%	9.2%	8.2%	8.7%
Payroll Taxes	0.8	0.8	1.0	1.0	1.1
Property Operation	5.7	2.0	1.0	2.2	2.2
OPERATIONS MARGIN	31.7%	29.2%	30.8%	30.8%	31.4%
Less:					
General & Administrative	6.0%	6.2%	7.0%	6.7%	6.8%
Marketing (advertising, public relations, promotion, etc.)	4.2	2.9	2.8	3.1	3.0
Insurance (property, liability)	1.3	1.9	1.2	1.3	1.8
Land Use Fees (public)	0.7	0.0	1.0	0.8	0.5
Land Use Fees (private)	0.3	0.1	0.3	0.3	0.5
Property Taxes	0.7	0.7	1.1	0.9	1.0
Other Taxes (except income)	0.8	0.6	0.3	0.5	0.3
Snowmaking	3.1	4.6	1.1	2.1	2.8
Snow Removal	0.1	0.0	0.2	0.1	0.1
Miscellaneous	1.1	0.7	1.7	1.5	0.9
Depreciation & Amortization	6.0	6.7	7.0	6.7	6.5
OPERATING PROFIT (LOSS)	7.4%	4.8%	7.1%	6.8%	7.2%
Less: Interest	3.9	5.2	4.1	4.2	4.1
PROFIT (LOSS) BEFORE TAX	3.5%	(0.4)%	3.0%	2.6%	3.1%
Base	(22)	(29)	(32)	(84)	(48)

TABLE 86

AVERAGE SKI AREA FINANCIAL DATA–INCOME STATEMENT SKI AREAS WITH SNOWMAKING AND NIGHT OPERATIONS

	Percent of Revenue				
	Snowmaking				With Night Operations
	New England	East & Midwest	Rockies & West	All	
Revenue:					
Ski Lift Gross - Winter	60.8%	68.8%	78.1%	72.4%	74.4%
Ski Lift Gross - Summer	0.9	0.2	0.7	0.7	0.6
Supporting Margin - Winter	21.6	24.4	10.0	15.0	19.0
Supporting Margin - Summer	6.7	4.8	(0.6)	2.0	4.3
Year Round Margin	10.0	1.8	11.8	9.9	1.7
TOTAL REVENUE	100.0%	100.0%	100.0%	100.0%	100.0%
Less:					
Ski Lift Direct Expense	13.7%	19.0%	22.0%	19.5%	20.1%
Payroll Taxes	1.8	2.1	2.5	2.3	2.6
Property Operation	13.0	5.1	2.3	5.3	5.1
OPERATIONS MARGIN	71.5%	73.8%	73.2%	72.9%	72.2%
Less:					
General & Administrative	13.4%	15.8%	16.8%	15.8%	15.6%
Marketing (advertising, public relations, promotion, etc.)	9.4	7.3	6.6	7.4	6.9
Insurance (property, liability)	2.9	4.9	2.9	3.2	4.2
Land Use Fees (public)	1.5	0.1	2.4	1.9	1.2
Land Use Fees (private)	0.6	0.2	0.8	0.7	1.1
Property Taxes	1.6	1.7	2.5	2.2	2.2
Other Taxes (except income)	1.8	1.6	0.8	1.2	0.8
Snowmaking	7.1	11.6	2.6	5.0	6.5
Snow Removal	0.3	0.1	0.4	0.3	0.2
Miscellaneous	2.7	1.5	3.9	3.2	2.0
Depreciation & Amortization	13.6	17.0	16.7	15.9	15.0
OPERATING PROFIT (LOSS)	16.6%	12.0%	16.8%	16.1%	16.5%
Less: Interest	8.6	13.1	9.7	9.9	9.4
PROFIT (LOSS) BEFORE TAX	8.0%	(1.1)%	7.1%	6.2%	7.1%
Base	(22)	(29)	(32)	(84)	(48)

TABLE 87

SKI LIFT DEPARTMENT DIRECT COST BREAKDOWN SKI AREAS WITH SNOWMAKING AND NIGHT OPERATIONS

	Snowmaking				With
	New England	East & Midwest	Rockies & West	All	Night Operations
SKI LIFT GROSS:					
Revenue (Winter)	100.0%	100.0%	100.0%	100.0%	100.0%
LESS:					
Ski Lift Payroll	4.5%	7.0%	6.3%	6.0%	5.8%
Ski Patrol Payroll	1.8	1.0	3.4	2.8	2.0
Slope Maintenance Payroll	1.4	2.1	2.6	2.3	1.7
Maintenance & Repair Payroll	2.0	2.5	3.9	3.3	3.0
Ticket Sales Payroll	0.8	0.8	1.5	1.3	1.1
Other Payroll	0.6	0.8	1.7	1.2	1.5
TOTAL PAYROLL	11.1%	14.2%	19.4%	16.9%	15.1%
PAYROLL TAXES	2.7%	2.6%	3.1%	3.0%	2.9%
OTHER DIRECT	7.4%	10.9%	9.2%	9.0%	9.4%
GROSS MARGIN	78.8%	72.3%	68.3%	71.1%	72.6%
Base	(16)	(17)	(25)	(58)	(29)

TABLE 88

AVERAGE SKI AREA FINANCIAL DATA–BALANCE SHEET SKI AREAS WITH SNOWMAKING AND NIGHT OPERATIONS

	Snowmaking				With
	New England (000)	East & Midwest (000)	Rockies & West (000)	All (000)	Night Operations (000)
Assets					
Current Assets	$ 2,387	$ 474	$ 3,043	$ 2,004	$ 586
Gross Fixed Assets	10,183	4,890	17,234	11,217	6,235
Less: Depreciation	(4,106)	(2,178)	(6,033)	(4,226)	(2,725)
Other Assets	1,223	294	3,681	1,892	506
TOTAL ASSETS	$ 9,687	$3,480	$17,925	$10,887	$4,602
Liabilities & Net Worth					
Current Liabilities	$ 1,547	$1,042	$ 1,891	$ 1,514	$ 760
Long-Term Debt	4,014	1,073	6,278	3,927	2,033
Subordinated Debt	890	210	1,369	852	250
Deferred Taxes	197	79	503	280	68
Other Liabilities	34	69	988	427	97
Net Worth					
Invested	1,928	422	4,492	2,445	984
Retained Earnings	1,077	585	2,404	1,442	410
TOTAL LIABILITIES & NET WORTH	$ 9,687	$3,480	$17,925	$10,887	$4,602
Base	(21)	(27)	(32)	(80)	(42)

TABLE 89

SNOWMAKING ACREAGE, COVERAGE AND CAPACITY SKI AREAS WITH SNOWMAKING

	New England	East & Midwest	Rockies & West	All
Average Skiable Acres	198	121	930	459
Average Snowmade Acres	123	93	102	104
Proportion	62.1%	76.9%	11.0%	22.7%
Total Skier Capacity	4,350	2,607	5,578	4,231
Average Snowmade Capacity	2,701	2,608	614	960
Average Snowmade Density	22/acre	28/acre	6/acre	9/acre
Base	(22)	(29)	(33)	(84)

TABLE 90

SNOWMAKING ACREAGE, COVERAGE AND CAPACITY AREAS WITH NIGHT SKIING AND SNOWMAKING

	Snowmaking			All Areas With Night Skiing
	New England	East & Midwest	Rockies & West	
Average Skiable Acres	-	-	-	403
Average Lighted Acres	63	80	64	85
Proportion	-	-	-	21.1%
Average Night Capacity	1,625	2,304	1,743	2,002
Average Night Density	26/acre	29/acre	27/acre	24/acre
Base	(6)	(23)	(10)	(48)

TABLE 91

SNOWMAKING COST ANALYSIS, 1984-85

	New England	East & Midwest	Rockies & West	Total Sample
Labor (000)	$ 78.1	$ 42.5	$ 59.4	$ 58.5
Power (000)	169.7	122.8	89.6	122.1
Maintenance (000)	38.9	33.8	19.5	29.3
Other (000)	30.5	14.8	17.7	20.1
Total (000)	$317.2	$213.9	$186.2	$230.0
Acres Covered	123	93	102	104
Hours Operated	1,433	973	665	972
Average Cost/Acre Hour	$1.80	$2.36	$2.75	$2.28
Base	(22)	(29)	(33)	(84)

X

COMMENTS FROM SKI AREAS

The questionnaire asked respondents to provide comments on the season: What were the highlights, such as new areas or major expansions, unusual weather conditions, or major pricing or marketing activities that have affected your performance for the 1984-85 season? The answers to this question are reported verbatim in this chapter. They have been arranged by geographic area to make them more meaningful.

EAST

The 1984-85 season started off slow when the bulk of the Christmas holiday period was rained out. January and February had good skier visits because of a consistent cold period. All in all, it worked out to be an average year for skier visits and weather.

Season had its ups and downs with periods of warm weather and rain. New snowmaking equipment was added to cover more territory more efficiently.

An unprecedented warm winter forced us to close for six days during the height of the Christmas holiday period (12/30 to 1/5). Total natural snowfall in the Poconos last winter was approximately 25 inches.

No major differences other than a greater allocation to ski lift department from winter package rate.

The season provided the usual mix of New England weather. We enjoyed an early opening only to be rained out two days later. January and February were stable due mainly to an increased snowmaking punch. The expenses of this increased effort, however, reduced our profitability per skier visit, especially in the later stages of the season.

Renovation of 2nd floor of Chalat. Two consecutive day lift tickets. "Seat Sale," January 18th to 25th.

No expansion or additions (except outside deck on Base Lodge), slope lighting and wiring improvement. Very short season–nothing until 1/7/85. Lost all of December 1984 with Christmas week! Two weekends in January of extreme cold with radio stations warning people to stay at home.

Major $10 million expansion project: Installed new quad chair, new double chair, 4 new slopes, expanded base lodge, additional snowmaking and 104 condominiums. All projects proved extremely successful, despite the uncooperative weather. Season was very unusual–no snow until early January, then great skiing for six weeks, then abrupt end! When snow was good, business was great with record-breaking weekdays and weekends. We are ready for a good-old "normal" winter with at least an *average* snowfall. As far as pricing strategies, we try to keep our market in mind, especially influenced by the slow economic recovery of Buffalo and Canadian exchange rate.

Added Quad Chair from Bear base to Skye Peak creating exciting 3 lift/2 mountain expert complex from one base. Poor weather and snow until January 5, then record business weekends. Ski Week packages affected by early season poor weather.

The addition of the North Peak lift and trail complex added between 20 percent and 25 percent true capacity to Loon. This was well received. We had the second lowest snowfall in the history of the company. However, expanded snowmaking and reasonably steady low temperatures and snowmaking conditions helped to offset that lack of natural snow. The last half of both Christmas week and February holiday week were the two worst and most prolonged thaws of the season, each diminishing the total attendance by approximately 10,000 skiers.

Opened late on December 26. Less than normal snowfall. Expanded Base Lodge new for 1984-85.

Generally the 1984-85 season was not considered a good year in New England (skier visits were off 8.4 percent). Weather was highlighted by natural snowfall 20 percent behind average in southern Vermont and thaw during the Christmas/New Years holiday period and another after Washington's birthday. There were no major snowstorms during the season. Mount Snow managed to equal our 1983-84 skier visit total because of our snowmaking capability. During the first half of the season Mount Snow was able to provide more skiing than most other major resorts further north. This fact, combined with location, provided Mount Snow with strong weekend business. Midweek business continued to change in mix with a higher number of 2 through 4-day midweek stays versus 5 through 7-day stays. Lead-time for reservations continued to be shorter than in previous years. Total midweek business remained stable relative to previous seasons. Considering the weather adversities and the overall trend of business in New England, Mount Snow had a very satisfactory season.

Early December opening. Marginal December. Closed December 28, temperature near 70. January poor. February and March fair. Warm season. Little natural snow.

The only highlight of this too-short season was the number of new skiers that we were able to start skiing through our group package programs. People want to ski and become skiers, in spite of how hard we made it for them weatherwise.

Late start losing Christmas holidays plus closing mid-March due to lack of skier interest. However, good conditions during mid-season with good crowds resulting in positive net earnings.

Revenues and skier countwise, our best season yet. January and February very strong, Christmas week and March very poor due to poor weather. Night skiing business and group business showed good increases over previous season.

We have a new advanced slope ("Gunbarrel"), a new triple chair, an expanded lodge and new children's ski school facility. Our season started with summer-like conditions; however, by mid-January we had the best skiing conditions ever.

Replaced "D" double with new triple.

"Feast or Famine" an unusual season that featured some of the best conditions and skiing possible and also some of the most difficult weather situations and cycles possible. The Christmas rain was very damaging. On the whole a slightly less than "average" season. (But nothing was average.)

First year of a decline in gross income and skier visits all attributable to rain and warm weather through the Christmas period. The rest of the year was good. We installed a new quad chair which wasn't ready until after Christmas. Not a great season!

One new lift added. Warm, wet weather during Christmas week. Held Women's World Cup SL/GS races in March 1985.

MIDWEST

Snowmaking paid off this season.

We have found that there is truly nothing that will bring skiers out except a nice natural snowfall and a good winter. We have several events but if the weather is not good just forget it. Well the Bikin' Race still brings out people.

Our season was a short season, but very intense the 46 days we were open. We were unable to open until 1-10, missing the Christmas sales. There was a lot of natural snow for this area, which helped bring out the skiers. Some of our increased weekday sales was due to specials.

Rain and warm weather during holidays—closed 4 days. Number of people skiing and times they ski during the season has decreased.

We experienced the poorest December weather in our 24 year history. Record-breaking high temperatures and no significant cold spells meant no snow and almost no snowmaking opportunities and resulted in only 10 days out of usual 20 or more for the month. However, January was a record-breaker in all respects and although short on skiing days, the overall season was above average in total revenue.

Highlights—80 percent increase in snowmaking capabilities. Unusual weather. Earliest start in our history (November 22). December poor, especially Christmas time. Warm and rainy. Our super snowmaking capacity carried us through, but the crowds were thin. Crowds were strong in January and February when the weather was favorable. Crowds disappeared the last week in February with the arrival of warm weather again. Snowmaking power carried us until March 17.

Among the worst 2 or 3 snow years in past 50. Our biggest snowmaking campaign ever with doubling of gun inventory, fifth major snowmaking line added, and water cooled from 54° to 32°. Attendance and revenues good enough to construct chairlifts No. 4 and No. 5 this summer.

Because of mild December weather, snowmaking costs piled up a financial burden left unsupported by the meagre attendance. A 15 inch snowfall on New Year's Eve finally triggered skier interest resulting in an excellent January and prospects of recovery. A late February thaw ended the hope of an average year.

Balance Sheet Information (as of ______________ 1985)
(See Definitions 17-25)

Please make sure total assets equal total liabilities + net worth. Otherwise the data cannot be used.

	(Round to Nearest $1,000) **1985**
Assets	
a. Current Assets	$ ________
b. Gross Fixed Assets (Undepreciated Cost Excluding Land Held for Resale and Overnight Accommodations)	________
c. Less Accumulated Depreciation	(________)
d. Other Assets (Including Land Held for Resale and Overnight Accommodations)	________
TOTAL ASSETS	$ ________ *
Liabilities and Net Worth	
e. Current Liabilities	$ ________
f. Long Term Debt	
1. Senior Long Term Debt (Secured by Mortgages, Chattels, etc.)	________
2. Subordinated Debt	________
g. Deferred Taxes	________
h. Other Liabilities	________
i. Net Worth	
1. Invested Capital	________
2. Retained Earnings (Loss)	________
TOTAL LIABILITIES AND NET WORTH	$ ________ *

Finally, what comments do you have on the annual economic survey? What would you like to see added or dropped? What suggestions can you make to improve it?

____

____

____

Thank you for your cooperation

Please return the questionnaire to:
Bureau of Business Research
University of Colorado
Boulder, Colorado 80309-0420

ROCKY MOUNTAIN

Explosion closing one lodge. Price war two neighboring resorts.

Two successful new programs this past season: (1) a charter flight, ski and lodging package out of Canada with Pacific Western Airlines; (2) a Big Mountain/Doug Betters Winter Classic weekend with the National Football League to raise money for the pediatric units of two regional hospitals.

The 1984-85 ski season was Bogus Basin's best financial year ever and third on the all time list of skier visits. The area held prices to the 83-84 level, pushed season pass sales heavily (3,786 sold), opened on November 17 equaling the earliest opening date ever, and was blessed with plenty of early snow for an excellent Christmas season. Fast growing programs included lessons for 3 to 5 year olds ("Mogul Mice"), "Winterset" (a women's ski program including lessons, NASTAR race and a pre-ski gathering) and a special $5.00 ski night on Mondays (regular $11.00 tickets) which sent Monday night attendance figures from an average of 100 to nearly 1,000. A highlight of the year was a visit by the Disney characters Mickey Mouse and Goofy who appeared as part of the Grand Opening of the Citizens Coin Operated Race Course sponsored by United Cable Television and The Disney Channel.

We had 19 days of wind. Estimate a loss of 8 percent in skier days.

No new improvements. Lowest snow year in several years. Didn't open entire mountain until February 9. Low crowds as a result of the weather.

New lodge building complete. Good snow. Smowmaking for 85/86 season.

Good snows, good promotions, new management and lots of publicity made 84-85 a record season for SFSA. Addition of marketing techniques greatly added to skier days. Triple chair addition (83-84) still bringing in new skiers. Remodeled and expanded rental facility helped also, new ski school director, more service oriented.

Skier days decreased 1.3 percent due to shifting emphasis from marketing to interval control. Financial performance improved $363,467 from a $179,345 loss to a $184,122 profit. This was in spite of a greatly reduced snowfall year and a month more of snowmaking operations.

December 8, 1984–opened season 50 percent area skiable until December 22. Poor early snow affected Christmas business. Late January and early February extreme cold (-10° to -20°). Overall less than average snowfall for entire season.

Good snow year; record skier visits; new mountain restaurant with full service; short lift lines; largest VFT in Colorado; 400 acres new Sunshine Bowl; very windy conditions.

Excellent snow season. New triple chair solved traffic problems effectively. Economic downturn in Texas limited this year's success. Drift to Europe because of high monetary exchange. Airline price policies affected us.

Telluride realized a significant increase in group skier visits over previous years due to marketing efforts directed in that area. The discount program commented upon in last year's report was continued in 1984-85; however, lodging and several other discounts offered in the Town were eliminated. The program was not as successful as it was in the prior year.

WEST

Early to mid-season snow drought. Fantastic March/April turned a disaster into record year (barely). Little change in ticket price. Strong group sales, more aggressive marketing. Wage controls--held total wage below previous year.

No unusual circumstances affected our season. It was a good snow year. The general economy in Western Canada and Northwest U.S. was considered bad.

Good snow conditions. However, skier visits affected because Vancouver area ski slopes (not usually opened for a full season due to unseasonal temperatures) also had a very good snowfall year.

We had a "near perfect" weather and snow depth season with plenty of clear sunny days, and almost no bad weather on weekends and holiday periods. But despite the good weather and ample snowfall, the skier days were disappointing; we fell short of our targeted count. We had unusually high skier counts early in the season through January, and then less than normal February and March with an abrupt and record breaking drop-off after Easter vacation. Spring came early to our marketplace with mostly warm days from early February on.

Excellent weather for entire season.

Heavy early season snow made for an extraordinary December; January "Indian Spring" prevailed and from then on it was spring skiing crowds, if not conditions. Difficult to retain interest with town temperatures in the 80s and 90s. Still our second best season, and very welcome after the disaster of the previous season.

The weather conditions were excellent this year. Our resort had great weather for most holidays and weekends throughout the season, enabling us to have one of our best years. We also constructed a new Nordic Lodge and realized substantial growth in the Nordic department.

Best Christmas ever, then it only snowed 10" from December 23 to the end of the year. Half of our gross profit was realized by January 1. Fire destroyed our ski lodge on March 25; end of the season. Rebuilding now.

Primarily our early opening (extra 14 days) and new triple chair were the major factors in this season, the most successful in the history of Mt. Hood Meadows.

As last year about 90 percent of snowfall occurred prior to January 1, we realized a 40 percent increase over our next best year through December. The remainder of the season was very poor ending with unseasonably hot months, March and April.

Enough snow--good weather. Few weekend storms. New lifts. Added terrain.

We received heavy snowfall just before Christmas holidays and virtually nothing after 1-1-85. Because of warm spell in February and lack of snowfall the subsequent season was dismal. Seventy-five percent of income was in hand by 1-31-85.

We offer low rates for value compared to adjoining ski areas. Known for good grooming. Early snows carried us through season–last half was dry. Season dropped off from mid-February on (weather was warm in nearby metropolitan areas). Sparse snow forced earlier than normal closing date.

The season started on Thanksgiving with most of the mountain open and we had a record December, although snowfall was not great. Our new Chair 5 for advanced skiers was only open sporadically due to marginal conditions. Snowfall was below normal in the West Central Sierra and much of the season we had thin spots on certain high-wear areas, which discouraged heavy skier volumes. Only by mid-March did we have adequate snow depth on all ski runs. Because of our new lift and run improvements, we enjoyed our second best season in skier day volume.

Good weather, good marketing plus opening of seven new runs all contributed to a 39 percent increase in skier visits. Could not have written a better script for a season if we had wanted or tried.

While several road closures adversely affected business, overall it was a terrific year. Early beginning and excellent snow coverage and conditions.

The season started, as usual, on man-made snow by Thanksgiving and just before Christmas vacation we received several feet of natural snowfall, giving us a record December and a good strong January. Natural snowfall was minimal for the rest of the year and skier interest fell off in February, March and April, making for a slightly below-average season in skier days.

Excellent start–6' of new snow December 14-18. Best Christmas vacation coverage and weather in our history. Winter unfortunately ended in February and we were finally forced to close April 1 (middle of Easter vacation). If we would have had a normal February and March as far as weather (i.e., snowfall) we would have easily surpassed our previous record gross. We grossed as much money the first 45 days of operation in December-early January as we did the last 2½ months. Tied in learn-to-ski promotion with corporate sponsors A&W Rootbeer and Sunkist through major supermarket chain throughout Southern California. Point-of-purchase displays in each store with drawing for prizes (season passes), equipment (K2-Solomon), vacation packages. Very successful.

APPENDIX A

LIST OF SKI AREAS RESPONDING TO THE NATIONAL SKI AREAS ASSOCIATION ANNUAL ECONOMIC SURVEY, 1984-85 SEASON

This list consists of the 117 ski areas that responded to the annual economic survey and provided complete financial data. The ski areas are listed in alphabetical order by region.

East

Blue Mountain Resorts Ltd.
R.R. No. 3
Collingwood, Ontario
Canada L9Y 3Z2

Bretton Woods Ski Area
Route 302
Bretton Woods, New Hampshire 03575

Bromley, Inc.
P.O. Box 1130
Manchester Center, Vermont 05255

Butternut Basin
State Road
Gt. Barrington, Massachusetts 01230

Camelback Ski Corporation
P.O. Box 168
Tannersville, Pennsylvania 18372

Cataloochee Ski Area
Rt. 1, Box 500
Maggie Valley, North Carolina 28751

Gray Rocks
P.O. Box 1000
Sainte-Jovite, Quebec
Canada J0T 2H0

Greek Peak, Inc.
2000 NYS Rte. 392
Cortland, New York 13045

Gunstock
P.O. Box 336
Laconia, New Hampshire 03246

Hidden Valley Highlands
Group Box No. 74, R.R. No. 4
Huntsville, Ontario
Canada P0A 1K0

Hidden Valley Resort
R.D. 4, Box 243
Somerset, Pennsylvania 15501

Holiday Valley Resort
P.O. Box 370, Holiday Valley Road
Ellicottville, New York 14731

Jay Peak Ski Area
RFD 2, Route 242
Jay, Vermont 05859

Jiminy Peak, Inc.
Corey Road
Hancock, Massachusetts 01237

Killington Ski Area
Killington Road
Killington, Vermont 05751

King Ridge
R. R. 1, Box 3130
New London, New Hampshire 03257

Kissing Bridge Corp.
Route 240
Glenwood, New York 14069

Loon Mountain Recreation Corporation
Kancamagus Highway
Lincoln, New Hampshire 03251

Lost Valley Ski Area
P.O. Box 260
Lost Valley Road
Auburn, Maine 04210

Mont Farlagne
P.O. Box 61
Edmundston, New Brunswick
Canada E3V 3K7

Mont-Sutton, Inc.
P.O. Box 280
Sutton, Quebec
Canada J0E 2K0

Mount Snow Ski Resort
Mount Snow (West Dover), Vermont 05356

Mt. Sunapee
Mt. Sunapee, New Hampshire 03772

Mt. Tom Ski Area
P.O. Box 1158
Holyoke, Massachusetts 01041

Okemo Mountain, Inc.
RFD No. 1
Ludlow, Vermont 05149

Peek'n Peak Recreation, Inc.
Ye Olde Road
Clymer, New York 14724

Shawnee Mountain, Inc.
P.O. Box 93
Shawnee-on-Delaware, Pennsylvania 18356

Ski Liberty
Box D
Fairfield, Pennsylvania 17320

Ski Roundtop
925 Roundtop Road
Lewisberry, Pennsylvania 17339

Ski Valley Club, Inc.
West Hollow Road
Naples, New York 14512

Ski Windham
Clarence D. Lane Road
Windham, New York 12496

Snowshoe Company
P.O. Box 10
Snowshoe, West Virginia 26209

Station de Ski Bromont Inc.
150, Champlain Street
Bromont, Quebec
Canada J0E 1L0

Stowe
dba Mt. Mansfield Company, Inc.
Rt. 108, Box 1310
Stowe, Vermont 05672

Stratton Corporation
Stratton Mountain, Vermont 05155

Swain Ski Center
Swain, New York 14884

Wachusett Mountain Ski Area
Mountain Road
Princeton, Massachusetts 01541

Waterville Valley Ski Area
Tripoli Road
Waterville Valley, New Hampshire 03223

Wildcat Mountain
Pinkham Notch
Jackson, New Hampshire 03846

Midwest

Buena Vista Ski Area
P.O. Box 1308
Bemidji, Minnesota 56601

Cascade Mountain, Inc.
Rt. 2, Box 138A
Portage, Wisconsin 53901

Crystal Enterprises, Inc.
dba Crystal Mountain
M-115 at Lindy Road
Thompsonville, Michigan 49683

Indianhead Mountain
Indianhead Mountain Road
Wakefield, Michigan 49968

Mt. Brighton
4141 Bauer Road
Brighton, Michigan 48116

Paoli Peaks, Inc.
P.O. Box 67
Paoli, Indiana 47454

Pine Mountain
N3332 Pine Mountain Road
Iron Mountain, Michigan 49801

Ski Butler
General Butler State Park
P.O. Box 89
Carrollton, Kentucky 41008

Skyline Ski Area
Rt. No. 1, Box 1708
Grayling, Michigan 49738

Snow Trails
P.O. Box 1456
Mansfield, Ohio 44901

Snowstar Corporation
9500 126th Street West
Taylor Ridge, Illinois 61284

Sundown
9000 Asbury Rd.
Dubuque, Iowa 52001

Terry Peak Ski Area
P.O. Box 774
Lead, South Dakota 57754

Wilmot Mountain Inc.
Box 177
Wilmot, Wisconsin 53192

Rocky Mountain

Alta
Alta, Utah 84092

Aspen Mountain
P.O. Box 1248
Aspen, Colorado 81612

Beaver Creek
Box 7
Vail, Colorado 81658

The Big Mountain
P.O. Box 1215
Whitefish, Montana 59937

Bogus Basin Recreational Association, Inc.
2405 Bogus Basin Road
Boise, Idaho 83702

Breckenridge Ski Area
P.O. Box 1058
Breckenridge, Colorado 80424

Bridger Bowl
15795 Bridger Canyon Road
Bozeman, Montana 59715

Buttermilk Mountain
P.O. Box 1248
Aspen, Colorado 81612

Copper Mountain Resort
P.O. Box 3001
Copper Mountain, Colorado 80443

Crested Butte
P.O. Box A, Mt. Crested Butte
Mt. Crested Butte, Colorado 81225

Deer Valley Resort
P.O. Box 889
Park City, Utah 84060

Grand Targhee Resort
Alta, Wyoming Via
Driggs, Idaho 83422

Jackson Hole Ski Corporation
P.O. Box 290
Teton Village, Wyoming 83025

Loveland Basin Ski Areas
P.O. Box 899
Georgetown, Colorado 80444

Monarch Ski Resort
Box SA
Garfield, Colorado 81227

Park City Ski Corporation
P.O. Box 39
Park City, Utah 84060

Purgatory (Durango Ski Corporation)
P.O. Box 666
Durango, Colorado 81302

Red Lodge Mountain
Drawer R
Red Lodge, Montana 59068

Sandia Peak
No. 10 Tramway Loop NE
Albuquerque, New Mexico 87122

Santa Fe Ski Company
10 Tramway Loop NE
Albuquerque, New Mexico 87122

Showdown Ski Area
Box 92
Neihart, Montana 59465

SilverCreek Mountain Ski Company
62927 Highway 40 West
P.O. Box 4001
SilverCreek, Colorado 80446

Sipapu Ski Area
Rt. Box 29
Vadito, New Mexico 87579

Ski Estes Park
P.O. Box 1379
Estes Park, Colorado 80517

Snowmass Ski Area
P.O. Box 1248
Aspen, Colorado 81612

Solitude Ski Resort Company
P.O. Box 17557
Salt Lake City, Utah 84117

Steamboat Ski Corporation
2305 Mt. Werner Circle
Steamboat Springs, Colorado 80487

Taos Ski Valley, Inc.
Taos , New Mexico 87571

Telluride Ski Resort, Inc.
137 W. Colorado Avenue
P.O. Box 307
Telluride, Colorado 81435

Vail
P.O. Box 7
Vail, Colorado 81658

Winter Park Recreational Association
P.O. Box 36
Winter Park, Colorado 80482

Wolf Creek Ski Area
P.O. Box 1036
Pagosa Springs, Colorado 81147

West

Alpine Meadows Ski Corporation
P.O. Box AM
Tahoe City, California 95730

Alyeska Resort
P.O. Box 249
Girdwood, Alaska 99587-0249

Apex Alpine Recreations Ltd.
P.O. Box 488
Penticton, British Columbia
Canada V2A 6K9

Big White Ski Development, Ltd.
No. 226-1889 Springfield Road
Kelowna, British Columbia
Canada V1Y 5V5

Blackcomb Skiing Enterprises
P.O. Box 98
Whistler, British Columbia
Canada V0N 1B0

Boreal Ski Area
P.O. Box 39
Truckee, California 95734

Crystal Mountain, Inc.
P.O. Box 1
Crystal Mountain, Washington 98022

Dodge Ridge Ski Area
P.O. Box 1188
Pinecrest, California 95364

49° North
Box 166
Chewelah, Washington 99109

Heavenly Valley
P.O. Box 2180
Stateline, Nevada 89449

Kirkwood
P.O. Box 1
Kirkwood, California 95646

Lee Canyon Ski Area
1552 Winwood Street
Las Vegas, Nevada 89108

Mammoth Mountain Ski Area
P.O. Box 24
Mammoth Lakes, California 93546

Mission Ridge
P.O. Box 1765
Wenatchee, Washington 98801

Mt. Bachelor, Inc.
P.O. Box 1031
Bend, Oregon 97709

Mt. Baldy Ski Lifts
P.O. Box 459
Mt. Baldy, California 91759

Mt. Hood Meadows
P.O. Box 470
Mt. Hood, Oregon 97041

Mt. Reba, Inc.
P.O. Box 5038
Bear Valley, California 95223

Mt. Rose Ski Resort
P.O. Box 2406
Reno, Nevada 89505

Mt. Waterman Ski Lifts, Inc.
817 Lynnhaven Lane
La Canada, California 91011

Mtn. High Ski Area
Box 428
Wrightwood, California 92397

Schweitzer Ski Area
P.O. Box 815
Sandpoint, Idaho 83864

Sierra Ski Ranch
Sierra Ski Ranch Road
Twin Bridges, California 95735

Sierra Summit
P.O. Box 236
Lakeshore, California 93634

Ski Bluewood
P.O. Box 88
Dayton, Washington 99328

Ski Incline
P.O. Drawer AL
Incline Village, Nevada 89450

Smithers Ski Corp.
Box 492
Smithers, British Columbia
Canada V0J 2N0

Ski Snoqualmie (Alpental-Ski Acres-Summit)
3010 77th Avenue, S.E., No. 201
Mercer Island, Washington 98040

Snow Summit
P.O. Box 77
Big Bear Lake, California 92315

Snow Valley
P.O. Box 8
Running Springs, California 92382

Sugar Bowl
P.O. Box 5
Norden, California 95724

Timberline Lodge
Timberline, Oregon 97028

APPENDIX B

National Ski Areas Association Annual Economic Survey 1984-85 Season

PLEASE RETURN BY AUGUST 15, 1985

This questionnaire represents the seventeenth economic survey of North American Ski Areas. The response in 1983-84 allowed us to prepare an excellent analysis of the industry. We again solicit your cooperation. Please return it as soon as possible.

The data **must include an entire 12-month period**—the 1984 summer season and the winter season 1984-85. If you wish to send us a copy of your **complete financial statement** (including supplements), we will complete a questionnaire for you.

The instructions and definitions provided are designed to facilitate the collection of comparable data—please follow them as closely as possible. The definitions are arranged as they appear in the questionnaire.

We have asked you to identify your area for follow-up purposes; however, all information will be kept strictly confidential.

Name of Ski Area ____________________ Telephone ____________
Address ____
City ______________ State ______________ Zip Code ________
Fiscal Year __________ 19 ______ to ______________ 19 ______
Person to contact if further information is required ____________________
Telephone number where contact person can be reached during September and October ____________
Person to whom the final report should be sent ____________________
____

1984-85 GENERAL INFORMATION (For Classification Purposes)

1. Ski lift data that you provided in previous surveys is stored on punched cards. If you provided this data last year give your total 1983-84 VTF/Hr and then list only new lifts added and old lifts retired or rebuilt to different capacities. If no changes, just give your 1983-84 VTF/Hr total.

1983-84 Total Area VTF/Hr ____________________________________

See Definitions 3-7.

A	B	C	D	E
Lift Type (Please list each lift separately) Definition 3	**Year Lift First Operated (Definition 4)**	**Vertical Drop (Definition 5)**	**Uphill Capacity in Skiers/Hour (Definition 6)**	**VTF/Hour (CxD) (Definition 7)**
			1984-85 Total Area Vertical Transport Feet/Hour	

2. Year area **first operated** ________________

3. Does your ski area have snowmaking?
( ) yes ( ) no
If yes, how many hours did you operate snowmaking equipment in 1984-85? ____________ Hours

4. 1984-85 ski area acreage.
a) Total acreage at ski area: ____________ acres
b) Total skiable acreage: ____________ acres
c) Acres of maintained/groomed slopes: ____________ acres
d) Acres covered with snowmaking equipment: ____________ acres
e) Acres under lights for night skiing: ______ acres
f) Acres under USFS permit: total acres ________; skiable acres ______; maintained acres ______.

5. Classification of your ski area—**choose one.**
( ) **Day Skier Area** (area at which overnight, dining, and after-ski facilities are limited since the area *primarily serves a day skier market*)
( ) **Weekend Skier Area** (area with substantial overnight accommodations and a variety of dining and entertainment but which *primarily serves skiers who stay for a weekend*)
( ) **Vacation Destination Skier Area** (area which *primarily serves the skier who stays longer than a weekend*)
( ) **Weekend Only Area** (area which is *open only on weekends*)

6. We are seeking an absolute measure of growth in usage. Skier-visits are the universally accepted measure of business volume. Would you provide us with your skier-visit count for the past five ski seasons? (Skier-visits is an actual count and *include season ticket use.*) (**See Definition 8**).

Skier-visits

	Day		Night		Total
1984-85	________	+	________	=	________
1983-84	________	+	________	=	________
1982-83	________	+	________	=	________
1981-82	________	+	________	=	________
1980-81	________	+	________	=	________

7. We are seeking a measure of your ski area daily and seasonal capacity. Capacity is the product of the number of skiers at one time and the number of time periods. Would you please provide us with the following data?
a) Your **peak crowd** in 1984-85: ______ skiers at one time
b) Your estimate of your "**design**" ***day*** **time skier capacity** in 1984-85: ______ skiers at one time.
1) Total days of operation in 1984-85: ____ days.
2) Of the total days of operation we could handle:
our design crowd ____________ days;
between 50 and 99% of our design crowd: ____________ days;
less than 50% of our design crowd: ____________ days.
c) If you also operate some lifts and trails at night, your estimate of your "**design**" ***night*** **time skier capacity** in 1984-85: ______ skiers at one time
1) Number of nights when all night lifts and trails were open and skiable and you could handle a full night time crowd: ________ nights.

8. 1984-85 Ticket Prices:

Adult Weekend All-Day Ticket	$________
Adult Weekday All-Day Ticket	$________
Night Weekend Ticket	$________
Night Weekday Ticket	$________
Single Adult Season Ticket	$________

9. Proximity to metropolitan area (SMSA) in miles. (See **Definition 9**).
( ) 0-24 ( ) 25-49 ( ) 50-74
( ) 75-99 ( ) 100 or more

10. How many ski areas are within 1 hour's driving time of your area:
( ) 0 ( ) 1 ( ) 2-3 ( ) 4-5 ( ) 6 or more

11. Percentage of your terrain in the following categories:
Beginner ____% Intermediate ____% Expert ____%

12. Lodging available to ski patrons:
Number of beds at your base area ____________
Number of beds within 10 miles of your base area *(including beds at base)* ____________

13. Other activities available (check all that apply):

	Physically offered at Area	Offered Nearby
Toboggan or Sleds	( )	( )
Snowmobile	( )	( )
Ice Skating	( )	( )
Ski Touring	( )	( )
Golf	( )	( )
Tennis	( )	( )
Swimming	( )	( )
Other Water Sports	( )	( )
Summer Slide	( )	( )
Other: (please specify)		
____________________	( )	( )

14. Ski Area Land Ownership is:
( ) All private land
( ) Partially or wholly public land
  ( ) U.S.F.S. permit
  ( ) State/Provincial land lease
  ( ) Canadian Government land lease
  ( ) Other (county, etc.) ____________

Percent of slope transport feet **(see Definition 10)** on **USFS land** ____________ %

15. Is your area engaged in land and/or real estate development? ( ) yes ( ) no
If yes, do you offer (check all that apply):
( ) First home sites
( ) First homes
( ) Second home sites
( ) Second homes
( ) Condominium sites
( ) Condominiums
( ) Commercial sites
( ) Commercial buildings

16. Does your area use a computer? ( ) yes ( ) no
If yes, is it ( ) Owned, ( ) Timeshare?
What brand? ________ Model? ________
What applications is it used for (check all that apply):
( ) Payroll
( ) Accounts Receivable
( ) Accounts Payable
( ) Forecasting
( ) Market Research
( ) Ticket Sales
( ) Other (please specify) ____________
____

17. Ski area employment in 1984-85 (including concession employees):

Total Number of Employees:	Lift Dept.		Ski School		Food Service		Bar		Retail Store		Rental Shop		Accommodations		Other		Total All Operations Number of Employees	Total All Operations Full-time Equivalent
on average day	______	+	______	+	______	+	______	+	______	+	______	+	______	+	______	=	______	______
on peak day	______	+	______	+	______	+	______	+	______	+	______	+	______	+	______	=	______	______

1984-85 Itemized Income Statement for a 12-Month Period ______ 1984 Through ______ 1985 (See Definitions 11-16):

Winter Season Operations

	Ski Lift Dept.	Ski School	Food Service	Bar	Retail Store	Rental Shop	Accommodations	Other[1]
Do not have:	( )	( )	( )	( )	( )	( )	( )	
Own and Operate:	( )	( )	( )	( )	( )	( )	( )	
Concession:	( )	( )	( )	( )	( )	( )	( )	
In thousands:	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)
Revenue—Gross Sales or	$______	$______	$______	$______	$______	$______	$______	$______
Concession Income	....	$______	$______	$______	$______	$______	$______	$______
Less: Direct Expenses								
(A) Cost-of-Goods-Sold	....	....	$______	$______	$______	$______ [4]	....	$______
(B) Direct Labor	$______ *	$______	$______	$______	$______	$______	$______	$______
(C) Other Direct[5]	$______	$______	$______	$______	$______	$______	$______	$______
Less: Direct Allocations:								
(D) Payroll Taxes, etc.	$______	$______	$______	$______	$______	$______	$______	$______
(E) Property Operation								
Equals: GROSS MARGIN:	$______	$______	$______	$______	$______	$______	$______	$______

***Detail Winter Lift Department**

Direct Labor:	(000)
Lift	$______
Ski Patrol	$______
Slope Maintenance	$______
Maintenance and Repair	$______
Ticket Sales	$______
Other	$______
Total	$______

[1] Other includes Lockers, Nursery, Souvenirs, Coin Machines, Snow Tours, Ice Skating, etc.

[2] The Utility Dept. is for those ski areas that operate community water, sewer, power, plowing, telephone, garbage collection, etc., services either for a fee or free.

[3] Misc. includes Interest Income, Timber Sales, and other unconventional undertakings.

[4] Include the depreciation of rental equipment under cost-of-goods-sold instead of the depreciation account. This is because of the general short life of this equipment.

[5] Other Direct Costs to include the utility cost (except snowmaking), repair and maintenance costs, parts and supplies costs, uniform costs, and any other costs that are directly attributable to the departmental operation.

[6] Payroll Taxes and Employee Benefits to include FICA and unemployment taxes, health, disability and workman's compensation insurance, life insurance, pension and profit sharing, vacation and holiday pay, meals, gifts, etc; may be allocated by department or grouped under the annual totals in accordance with your accounting treatment.

[7] Despite all efforts to the contrary, there are major items of expense involved in the operation and maintenance of a ski area that do not lend themselves to a direct charge to an operating department. For example, an area might have a general maintenance crew who works from a common supply of tools and repair parts to do minor maintenance in all departments of the ski area. For comparability and analysis, these costs are consolidated as Property Operations, Maintenance and Energy. You may allocate them by department or group them under annual totals in accordance with your accounting treatment.

18. Will you please provide us with comments on your 1984-85 season? What were the highlights, such as new areas or major expansions, unusual weather conditions, or major pricing or marketing activities that have affected your performance for the 1984-85 season? (Please use an additional sheet if necessary.)

Year Round Operations			Summer Season Operations							
Real Estate	Utility[2] Dept.	Misc.[3]	Lift Dept.	Food/Bar Service	Retail Store	Sports Dept.	Accom-modations	Summer Slide	Other	**ANNUAL TOTALS**
( )	( )	( )	( )	( )	( )	( )	( )	( )	( )	
( )	( )	( )	( )	( )	( )	( )	( )	( )	( )	
( )	( )	( )	( )	( )	( )	( )	( )	( )	( )	
(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)
$	$	$	$	$	$	$	$	$	$	$
$	$	$	....	$	$	$	$	$	$	$
$	$	$	....	$	$	....	....	$	$	$
$	$	$	$	$	$	$	$	$	$	$
$	$	$	$	$	$	$	$	$	$	$
	$	$	$	$	$	$	$	$	$	$ [6]
										$ [7]
$	$	$	$	$	$	$	$	$	$	$

Less Common Expenses:

(A) General and Administrative .... $

(B) Marketing (Adv., Pub., Prc., P.R., etc.) .... $

(C) Insurance: (1) Property (Fire, Theft, etc.) .... $

(2) Liability .... $

(D) Land use fees (1) Public Land Lease .... $

(2) Private Land Lease .... $

(E) Taxes (Except Income taxes)

(1) Property Taxes .... $

(2) Other Taxes .... $

(F) Snowmaking: (1) Labor .... $

(2) Power/Fuel .... $

(3) Maintenance .... $

(4) Other (Water, etc.) .... $

(G) Snow removal .... $

(H) Miscellaneous .... $

(I) Depreciation and Amortization .... $

OPERATING PROFIT (LOSS) .... $

Less: Interest Expense .... $

PROFIT (LOSS) Before Income Taxes .... $

APPENDIX C

DEFINITION OF TERMS

The definitions of terms utilized throughout the report were developed primarily by the National Ski Area Association's Economic Study Committee. Definitions are given below together with a brief explanation of the usage of the information.

1. Season–the inclusive months during which a ski area is open each season.

2. Fiscal Year–the month in which an area closes its books.

3. Type of Lifts–for purposes of this study are categorized as surface, chair, or gondola.

4. Year Lift First Operated–year when the lifts were first installed and operated. Provides a rough measure of capital investment in the industry over time.

5. Vertical Drop–the vertical distance from the top to the bottom of the slope for a particular lift.

6. Uphill Capacity–the manufacturers rated number of skiers per hour a lift can transport to the top of the slope. An area's capacity is the sum of the individual lifts.

7. VTF/Hour (Vertical Transport Feet Per Hour)–the product of the vertical drop of a lift times the lift manufacturers rated skiers per hour capacity.

8. Day Skier Area–area at which overnight, dining and after-ski facilities are limited since the area primarily serves a day skier market.

9. Weekend Skier Area–area with substantial overnight accommodations and a variety of dining and entertainment but which primarily serves skiers who stay for a weekend.

10. Vacation Skier Area–area which primarily serves the skier who stays longer than a weekend.

11. Weekend Only Area–area which is open only on weekends.

12. Skier Visit–one person visiting a ski area for all or any part of a day or night for the purpose of skiing. This is the total number of lift tickets issued. Skier visits include full-day, half-day, night, complimentary, adult, child, season and any other ticket types that give a skier the use of an area's facilities. Where single rides or coupon books are an important source of revenue, equivalent skier visits are computed from these sources. Each ticket sold for night skiing is included as a skier visit. Skier visits is an actual count and includes season ticket use.

13. Standard Metropolitan Statistical Area (SMSA)–an incorporated area with a nucleus of at least one city of 50,000 inhabitants or more (or "twin cities" with a combined population of at least 50,000).

14. Slope Transport Feet–a method for prorating winter-sport uphill facility capacity on the basis of land ownership. The multiplication of (1) the capacity of each lift times (2) the slope distance traveled by that lift through each ownership (private or U.S. Forest Service). These factors are added for each ownership and the percentage they bear to the total is determined. The resulting percentages reflect by ownership the weighted capacity of the lifts.

15. Revenue–the total revenue derived from ski area operations including ski lifts, ski school, cafeteria, ski shop, equipment rentals, accommodations, and real estate. It also includes concession income from leased operations.

16. Direct Labor–total employees' salaries and wages.

17. Other Direct Expense–any other costs directly related to the particular activity (excluding depreciation).

18. Gross Margin–the revenue available to cover other expenses after direct expenses have been deducted.

19. Insurance–includes both insurance premiums and self-insured losses or deductible losses paid during the twelve month period.

20. Profit (Loss) Before Income Tax–net income derived from all area operations after direct and other expenses have been deducted from total revenue.

21. Current Assets–assets such as cash, inventories, prepaid expenses, accounts receivable, or other items which will convert to cash in the normal course of business within one year.

22. Gross Fixed Assets (GFA)–the total of the original undepreciated cost (not present value) of the improvements and fixtures plus the cost of equipment necessary to generate sales and other income such as day buildings, lifts, equipment, investment in trails, parking, etc., less cost of equipment disposed of. Fixed assets are shown at original cost including additions, but prior to any allowances for depreciation and/or amortization.

23. Depreciation–the cumulative sum of depreciation of gross fixed assets. Indicates the extent to which an area's assets have been written off. Should not include any depreciation on assets previously disposed of.

24. Other Assets–any assets other than current or gross fixed assets. Includes land held for resale as well as overnight accommodations.

25. Current Liabilities–liabilities such as accounts payable, accrued wages, accrued payroll taxes and portions of loans or long term debt due within one year.

26. Long Term Senior Debt–borrowings with repayment scheduled more than one year in the future that are secured by some claim to property or equipment in the event of nonpayment.

27. Long Term Subordinated Debt–all borrowing with repayment scheduled more than one year in the future and where the lender has no claim to a specific asset upon liquidation and/or subordinated in terms of priority of payment to other creditors.

28. Invested Capital–the original ownership investment (amount received for stock, partnership or proprietorship interest), plus any new equity funds raised from sources other than earnings.

29. Retained Earnings (Loss)–cumulative earned surplus or loss from annual operations.

Economic Ratios

30. Ski Area Capacity–is defined as those numbers of skiers that a given ski area can comfortably support on the slopes, lifts and in the base and mountain warming buildings without over-crowding or those that may be accommodated at one time and still preserve a congenial environment. A ski area's comfortable capacity is some function of VTF/hour, scope of skiing, and difficulty of terrain, as well as a reflection of the various abilities of the skiers. Ski area capacity is a judgment. In this report it is calculated by assuming a specific VTF/hour demand that varies by geographic region.

31. Operating Profit–is defined as profit before income tax and interest expense. These two expenses vary according to the capital structure and past operations history. Operating Profit is a more precise way of measuring economic variations due to operating experience and seasonal fluctuations and allows for the comparison of ski areas with varying capital structures.

32. Utilization–is measured in percent of capacity. Capacity is the product of a ski area's capacity times its days of operation. Utilization compares actual skier visits to calculated ceiling season capacity.

33. Capital Cost (GFA)/Capacity Ratio–is the ratio between the cost to construct the ski area and its ability to handle skiers. As such for any given point in time it is a rough measure of the site and design efficiency.

34. Operating Cost/Capacity Ratio–is the ratio between cash operating costs (excluding depreciation and interest) and the ceiling season skier capacity (ski area capacity times length of season). Note that since methods used in the presentation of the average area's income statement exclude any and all direct operating expenses for supporting departments that they too are excluded from this ratio. This ratio is a measure of the operating efficiency of a ski area. It is expressed in dollars per skier visit of seasonal capacity.

35. Total Revenue Per Skier Visit–is the gross dollars actually received from each skier for each visit from ski lifts ticket sales, plus the net margin from each supporting activity. It is calculated by dividing total revenue by actual skier visits.

36. Days/nights of Operation–is measured in "equivalent" days/nights where full weight is given to days and nights where all facilities are open; 75 percent to days where less than full but more than one-half of the mountain is open and skiable; and 25 percent to days where less than half of the mountain is open and skiable.

APPENDIX D

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